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Latin America Report

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INTER-AMERICAN AFFAIRS

NEW CARIBBEAN FEARS OF U.S. SUGAR QUOTA CUTS CITED

Port-of-Spain EXPRESS in English 10 Dec 85 p 3

[Text]

CARIBBEAN sugar producers are bracing themselves for a further reduction in the United States sugar quota in 1986.

This was revealed by state-owned Caroni Ltd's general manager, Russell Wotherspoon, in an interview with the EXPRESS San Fernando Desk on Friday.

Wotherspoon returned from a general meeting of the directors of the Sugar Association of the Caribbean (SAC) held in Belize and a marketing assignment in Britain. He was accompanied to the meeting by John de la Bastide of the company's sales department.

Wotherspoon said that the U.S. administration had reduced the sugar quota from 2.8 million tonnes to 1.8 million tonnes, which was 600,000 tonnes more than the U.S. market requirement. He said the administration had decided to keep the quota at that level in the interest of the Caribbean Basin Initiative programme.

But, Wotherspoon pointed out, a problem developed with this decision of the administration. He said the decision was in conflict with the spirit of the U.S. Farm Bill and was seriously criticised in Congress. Wotherspoon said the measure was being currently debated in the U.S. Congress and Senate and "we are not sure what the U.S. administration will finally decide to do."

Wotherspoon said the U.S. had three options to resolve the matter. He

said the U.S. could extend the quota year as was done in 1985 to allow the fixed quota to enter the U.S. market over a longer period of time. He said the second option would be for the U.S. to reduce the quota although they have already fixed it. And the third option would be for the U.S. to refine that sugar and put it on the open market. He said this would be in competition with the European Economic Community, which is an exporter of refined sugar.

The Caroni general manager said that if the U.S. adopted the second option, it could spell doom for the Caribbean sugar producers. Said he: "It would be basically bad for the Caribbean and we certainly hope that they do not adopt this option. In this context, it is most likely that there will be a further quota reduction next year."

Wotherspoon said that sugar was now selling on the world market at (U.S.) six cents a pound. He pointed out that there was a "slight fall back to (U.S.) 5.7 cents per pound." He said the meeting anticipated that the world price for sugar could fall below (U.S.) six cents a pound throughout the whole of 1986 with occasional drops.

Said Wotherspoon: "This is important to us in Trinidad and Tobago because we purchase sugar on the world free market to refine. We need this information to make good market analyses in order to place our orders at the right time."

CSO: 3298/222

INTER-AMERICAN AFFAIRS

FURTHER DETAILS ON VENEZUELA-TRINIDAD COCAINE LINKS

Port-of-Spain TRINIDAD GUARDIAN in English 6 Dec 85 p 3

[Text]

THREE Venezuelans, believed to be acting as the link for the production, sale and export of drugs from Venezuela to this country and other Caribbean countries, have been arrested by the Guardia Nacional in Venezuela.

The men — Dalberto Ordaz Malave, 29, Jose Manuel Vas Acevedo and Manuel Jose Moreno — were arrested over the weekend after a cargo of 30 kilos of cocaine with an estimated street value of \$6 million, was intercepted and seized at Curupano, Venezuela.

The shipment was consigned to Port-of-Spain in a boat from Puerto Esmeralda, Carupano.

Guardia Nacional and security forces in Venezuela are still searching for Pedro Roberto Ordaz Malave — brother of one of the arrested men — reported to be the chief of one of the gangs specialising in the drug traffic in Oriente Province.

Another Venezuelan, Eugenio Pino, said to be one of the biggest distributors of cocaine, gave himself up to the authorities after learning in the Press that he was being sought.

According to "El Nacional" newspaper, Pino and Pedro Malave appear to be chiefs of two gangs with international connections. According to another Venezuelan newspaper, "El Tiempo," the security forces seized a racing pigeon in Carupano which carried a message on its feet written in English.

The message: "Luis, I will send you \$120,000. Goods arrive in perfect order." The security forces mobilised about 2,000 men highly trained in investigation and at the same time put into operation Christmas operation 85 designed to stamp out drug trafficking in other Caribbean countries. A Trini woman national now assisting lives in Carupano. Young Trini about five years there was held ten days ago in a house. The authorities are now taking a closer look on the question

of homing pigeon racing between both countries and wondering whether to allow it to continue since this incident.

"At present there is a registered club racing pigeons to Carupano, Cumana and Guiria ports used to release pigeons to fly to Trinidad."

"Regional Commander General Moses Arriojas told reporters that he will not rest until this drug nuisance is completely wiped out. It is the only way that Venezuela can be proud of continental operation being mounted from Puerto la Cruz, Eastern Venezuela where it is most prevalent."

FROM COLOMBIA

"El Nacional" reported that the dope being sent to the Caribbean islands is exported from Colombia and Bolivia.

The report added: "The chief of the Regional Command said that the arrested persons for most part possess wealth which is being investigated. General Gomes said that Pedro Roberto Ordaz Malave had eluded the dragnet of the Guardia Security and the police forces. The drug chiefs have luxurious villas on the beach in the tourist colony of Puerto Morro in Puerto La Cruz and they are living it up."

In the next few hours there would certainly be a breakthrough resulting from this operation, said the chief of Command Number 7.

INTER-AMERICAN AFFAIRS

CARIBBEAN GOVERNMENT OFFICIALS TO ADDRESS DRUG PROBLEMS

Port-of-Spain TRINIDAD GUARDIAN in English 9 Dec 85 p 16

[Text]

BRIDGETOWN, Sun.,
(Cana):

CARIBBEAN Law Ministers and top-level officials will meet early next year to discuss the growing illegal drug problem in the region, the Barbados Attorney-General has announced.

In a speech to policemen, Mr David Simmons, who is also Minister of Legal Affairs, said he had requested the Caribbean Community (Caricom) Secretariat to convene a meeting of Attorneys-General and the heads of police, armies, immigration and customs.

The meeting, to help in coordinating efforts to tackle the drug traffic, will come off in the new year, Mr Simmons said, but announced no date.

Declaring that an all-out attack was being waged in Barbados against drug trafficking, Mr Simmons warned policemen to avoid being caught on the wrong side of the drug business or be prepared to face severe consequences.

He urged the Police not to scoff at the public perception that some policemen are involved in the drug trade. There was already hard evidence in the form of conviction to support the public's view, he said.

He also said Government would not tolerate brutality by the Police -- an issue that has generated some public debate in recent months.

Those who stray from the

straight and narrow path will be dealt with severely, Mr Simmons told the annual general meeting of the Police Association.

Simmons, citing a need for more action to confront the drug problem at the domestic level, said he expected to see more impressive detection figures over the coming months, as a result of special training for Government beach wardens and deployment of more policemen.

The Law and Order Minister announced plans to review the procedure under which complaints

against policemen are dealt with.

There has been much criticism recently of the existing arrangement, whereby policemen conduct their own investigations into complaints.

Mr Simmons said he saw no objection in logic or policy to the establishment of a new system providing for a tribunal with police representation. The idea is that the committee would report to the Police Commissioner.

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CSO: 3298/209

INTER-AMERICAN AFFAIRS

CARIBBEAN LEADERS BACK SEAGA'S 'DEMOCRATIC UNION'

Kingston THE DAILY GLEANER in English 25 Nov 85 p 3

[Text]

DOMINICAN PRIME MINISTER Eugenia Charles and Grenadian Prime Minister Herbert Blaise yesterday expressed the hope that there would be early implementation of the Caribbean Democratic Union proposed by Prime Minister Edward Seaga earlier this year.

Both Caribbean leaders who came here to attend the Jamaica Labour Party's 42nd Annual General Conference, told a Press Conference at the Wyndham Hotel yesterday morning that they supported the idea fully and considered it very important to the promotion of democracy in the region.

Prime Minister Charles said that too long people had been complaining of brainwashing by Communist elements but that no effort was being made to educate the people about democratic principles.

She said, "we have to do it, not to lambase other people but let them know what we stand for. To let young people have a choice and to realise which side to be ready for and not to have a one-sided picture all the time. I think it is important that we can work together for this, to bring our ideas forward and to be able to work together as democratic countries for the benefit of the people of all the Caribbean".

She said that the establishment of the union would "foster the growth, progress and development of democracy."

Prime Minister Blaise said the establishment of such a union was "most essential."

He added, "the whole question of

democracy is one which needs to be focussed upon", and by democracy, he said he meant parliamentary democracy.

He said that many countries "spout" democracy but do not practise it. He cited the Democratic Republic of Germany and the Democratic Republic of Korea which were both Communist oriented despite the fact that they used the term Democracy to describe their system.

Prime Minister Blaise warned that the people of the Caribbean should "gird themselves" against the threat of Communism as this was the only way they could overcome that threat.

Through the CDU he said, there was a greater chance of overcoming any threat us, together as a region, they could fight Communism which never sleeps.

On the question of recent calls for a federation by some territories, both leaders expressed the view that CARICOM was a strong regional

organization and had a lot of potential for the future.

Prime Minister Charles expressed the view however that the CARICOM Secretariat had to be moved out of Guyana before it would prove its effectiveness of an organisation. She said however that there was a need for the organisation to stick only to trade and industry as it had not worked so far because it was too involved in other issues.

The Dominican Prime Minister praised Prime Minister Seaga for his leadership in the Caribbean and the way he spoke out on behalf of the entire region whenever he had the chance before an international forum.

She said although he was there to represent the interest of his own country and to look about business on his country's behalf, he always seized the opportunity to also speak up for the rest of the Caribbean.

INTER-AMERICAN AFFAIRS

OECS HEADS OF GOVERNMENT CONFER IN KINGSTOWN

FL282212 Bridgetown CANA in English 2048 GMT 28 Nov 85

[Text] Kingstown, 28 Nov (CANA)--Heads of government of the Organisation of Eastern Caribbean States (OECS) opened their eighth conference in St Vincent today.

The two-day conference, being held here for the first time since the OCES was set up in 1981, will deal with a wide range of issues relating to trade, foreign affairs, education, civil aviation, fisheries, drug abuse and sports.

All seven member countries of the OECS--Antigua and Barbuda, Dominica, Grenada, Montserrat, St Kitts and Nevis, St Lucia and St Vincent and the Grenadines, together with associate member the British Virgin Islands, are represented at the conference. It follows a series of preparatory meetings here this week.

Grenada's Prime Minister Herbert Blaize, current chairman of the OECS, is chairing the conference. Other heads of government who have joined host Prime Minister James Mitchell are John Compton of St Lucia and Dr Kennedy Simmonds of St Kitts and Nevis. Prime Minister Eugenia Charles of Dominica is expected tomorrow.

Antigua and Barbuda's delegation is being headed by Deputy Prime Minister Lester Bird. Financial Secretary John Ryan is leading the delegation from Montserrat and the British Virgin Islands delegation is being led by Stanley Gordon, permanent secretary in the office of the chief minister.

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CSO: 3298/210

INTER-AMERICAN AFFAIRS

CARIBBEAN COUNTRIES SHOWING TRADE SURPLUS WITH UK

FL042158 Bridgetown CANA in English 1924 GMT 4 Dec 85

[Text] Bridgetown, 4 Dec (CANA)--The Caribbean Community (Caricom), excluding Belize, recorded a trade surplus of 66.8 million pounds sterling with the United Kingdom up to September, reversing a 10.5 million pounds deficit for the corresponding nine-month period last year, according to British Government statistics.

The figures, issued by the British High Commission, put the value of exports from the 12 Caricom countries at 336.3 million pounds, up from 315.8 million last year. UK exports were valued at 269.5 million pounds, down from 326.3 million last year.

A high commission spokesman was unable to say what was responsible for the turn-around, but trade sources said the strength of the U.S. dollar, to which Caribbean currencies are tied, was a contributing factor.

Trinidad and Tobago was the UK's biggest Caricom trading partner, purchasing 69.9 million pounds worth of UK goods and selling 77.6 million. But there was a 39.6 percent decline in Trinidadian exports and a 6.5 percent drop in UK imports when compared with the corresponding period in 1984, the figures showed.

The Bahamas ranked second, with exports of 68.2 million pounds and imports of 67.7 million. Compared with 1984, however, there was a 482.5 percent increase in Bahamian exports--valued at 11.7 million pounds in 1984--and a 53.6 percent drop in imports, valued at 146.0 million pounds.

Exports from Jamaica totalled 68.7 million pounds, a 4.4 percent decline on last year. Imports stood at 33.3 million pounds, a 0.7 percent decline. There was a 35.4 million pounds surplus in Jamaica's favour.

In the case of Guyana, there was a fall in exports from 38.4 million pounds in 1984 to 37.4 million this year. UK imports rose to 14 million pounds, from 11 million in 1984.

Barbados had a 62.2 percent decrease in exports, which were valued at 8.4 million pounds, compared with 22.3 million the year before. Imports rose by 25.9 percent to reach 27.5 million pounds from 21.8 million in 1984. There was a 19.1 surplus in the UK's favour.

Antiguan exports were valued at 1.5 million pounds, up from 0.7 million last year. Imports from the UK totalled 24.8 million, up from 14.5 million. This increase was due mainly to the purchase of new British-made aircraft by the Antigua-based regional airline LIAT, the high commission spokesman said.

Dominica sold 14.4 million pounds worth of exports, an increase of 2.2 million over last year. At the same time, it bought 7.3 million pounds worth of UK products, an increase of 18 percent over last year.

Exports from St Kitts and Nevis totalled 5.6 million pounds, rising from three million last year. Imports were up slightly to 3.9 million pounds from 3.4 million.

Grenada's exports were valued at 5.3 million pounds, up from 4.7 million last year. Imports totalled 6.6 million pounds, compared with 5.5 million last year.

The value of St Lucian exports were up to 33.0 million pounds from 22.5 million. UK exports rose to 8.1 million pounds, from 5.2 million.

St Vicent and the Grenadines sold 16.0 million pounds worth of products to the UK, five million pounds more than last year, and took in 5.1 million pounds of UK products, compared with 4.2 million in 1984.

Montserrat imported 1.6 million pounds of goods from the UK and sold 0.2 million pounds to the UK.

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CSO: 3298/210

INTER-AMERICAN AFFAIRS

HAVANA RADIO VIEWS SENTENCE AGAINST ARGENTINE OFFICERS

PA210347 Havana International Service in Spanish 0000 GMT 16 Dec 85

["Our America" Commentary]

[Text] What has been described as the trial of the century ended in Buenos Aires on 9 December. There is much truth in this description of that unusual event, which affects not only Argentina, but Latin America as well. Despite the praise, all seems to indicate that the heated debate in various Argentine sectors over the sentence pronounced by the Federal Court of Appeals against the former commanders who formed the military juntas from 1976 until 1983 will last for a long time. The government of President Raul Alfonsin made good on its promise to try the repressors in a civilian court. Nevertheless, the organizations that defend the human rights, including the Mothers of Plaza de Mayo organization, have said that the life sentences pronounced against former president Jorge Videla and former Admiral Emilio Massera should have also been applied to the other high-ranking officers, four of whom have been acquitted.

In the name of a national reorganization process, Videla, Massera, and former Brigadier General Orlando Agosti created the false legal grounds that permitted them to devise and carry out the fierce repression that made 30,000 people disappear over a 30-year period. This policy was applied by all the military juntas that ruled thereafter. Under the pretext of ending subversion, the Argentine military men applied all the strategies of state terrorism and relentlessly persecuted all and everyone suspect of opposing what Argentines briefly described as the process.

This is how in those seven years, clandestine detention centers, abduction brigades, unimaginable torture, and the violation of the human rights proliferated to the extent that these activities can only be compared with those of the Nazis in the countries occupied during World War II. Recently, writer Ernesto Sabato recalled a common phrase among the Argentine military: If five people out of each 100 we have arrested were terrorists, then the fate of the other 95 has been justified. This macabre calculation was coldly applied. For this reason, the recent trial has perhaps been a true scalpel that penetrated the hurt tissue of a society that suffered the frightening U.S. doctrine of national security, which aptly describes the so-called Argentine process.

Beyond the long list of testimonies presented by Attorney General Julio Strassera out of which emerged a real catalog of torture and repressive methods, the hearings disclosed the fact that the Argentine officers were perfectly able to serve as Pretorian guards for their people, yet absolutely unable to devise a doctrine for defense against aggressions on national sovereignty, such as the Malvinas episode. From the multiple denunciations of the local press down to the famous report of General Benjamin Rattenback, who was in charge of the official investigation of military behavior during the Malvinas war, it was proved that the Argentine high military command made mistakes, and some times committed treason, until surrender occurred on 14 June 1982. The Argentine military all the time justified repression actions by saying that a war against subversion was being fought. Nevertheless, in one of his indictment pleas, attorney Strassera asked: What kind of a war was this in which confrontations were simulated and in which, in every clash, bullets were fired at the enemies of the legal forces, but they did not suffer a single casualty? Later, he said: There was no war, I think. Consequently, we have common criminals here. And if there was indeed a war, then we are in front of war criminals.

The criminals have just been tried, yet those who never saw their loved ones return home are not satisfied with the sentence.

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CSO: 3348/303

INTER-AMERICAN AFFAIRS

ANDEAN PARLIAMENTS MEETING VIEWS FOREIGN DEBT

PA161722 Havana International Service in Spanish 1600 GMT 15 Dec 85

[Text] On Saturday, the fifth Andean parliaments meeting currently underway in La Paz, Bolivia, unanimously approved two resolutions that point out the unpayability of the foreign debt, and call for a Latin American summit to initiate joint political action in response to regional problems. The documents were approved by the final plenum which, with the participation of parliamentarians from Bolivia, Colombia, Ecuador, Peru, and Venezuela, will officially close today. The resolution referring to the foreign debt reaffirms that it is unpayable under the conditions established by the creditors, and constitutes a fundamentally political problem, and that Latin America's future depends--to a great extent--on its solution.

Regarding the summit, the Andean country governments are urged to take the initiative in calling a Latin American and Caribbean presidents meeting to prepare a joint political action plan that will establish the foreign debt as its main aspect. The parliamentarians meeting in La Paz harshly criticized the Baker plan proposed by the United States for the region's foreign debt.

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CSO: 3348/303

13 January 1986

INTER-AMERICAN AFFAIRS

INTERAMERICAN PRESS ASSOCIATIONS RESOLUTIONS

Santiago HOY in Spanish 28 Oct 85 pp 61-63

[Excerpt] Passed in Cartagena, Colombia, with the participation of some 300 members from the majority of the American countries, the following are the resolutions adopted by the Inter-American Press Association (IAPA) at its General Assembly. The countries involved are listed in alphabetical order. In addition, there is a paragraph relating to official publicity and recognition of the work, efficiency and hospitality of the Colombian participants [not reproduced].

Argentina

Whereas: the constitutional right of freedom of the press is endangered by national and provincial proposals that would establish an obligatory "right of response"; and

the intolerable 38-percent tax imposed on the importation of newsprint has been raised to a crushing 48 percent;

The General Assembly hereby resolves:

that President Alfonsín, the Argentine National Congress and provincial legislative assemblies be urged to reject subterfuges that would threaten freedom of the press and that the National Government be asked to cancel the surcharge on newsprint that threatens to extinguish an important sector of the printed media.

Cuba

Whereas: Cuba has begun its 27th year under totalitarian control;

the regime now offers asylum to criminal fugitives;

the Cuban people are denied information and from Havana, disinformation is disseminated throughout the hemisphere; and

our colleagues Luis Rodríguez and Fernando Rivas Porta have completed 21 years in prison;

The General Assembly hereby resolves:

to condemn the government of Cuba for the violations of all fundamental human rights and the total suppression of freedom of expression;

to urge all members of the IAPA to express their solidarity with their imprisoned colleagues and continue to insist they be released.

Chile

Whereas: the last quarter in Chile has been constituted, half by a state of siege and the other half by a state of emergency;

restrictive constitutional, legal and administrative tax provisions exist;

a state of fear exists in the press and among newsmen because of unjustified judicial condemnations, threats made to editors and reporters which have sometimes been carried out, and actions of a terrorist nature, whatever their affiliation, against the communications media;

The General Assembly hereby resolves:

to ask the Chilean Government to lift all restrictions placed on freedom of the press in this country, so that freedom of expression may exist democratically, especially those restrictions preventing the free founding, publication and circulation of periodicals and newspapers.

Ecuador

Whereas: Ecuador has a democratically elected government that has taken the measure of cancelling a secret order permitting an embargo on information media in cases of emergency;

the IAPA committee sent to Ecuador reported that the newspaper HOY has been discriminated against in the distribution of news controlled by the government;

Benjamin Ortiz Brennan, editor of the newspaper HOY, has been the target of a harmful accusation connecting the newspaper HOY and himself with the guerilla forces of Alfaro Vive;

other Ecuadorean information media have on different occasions reported on oppressive governmental pressure on access to news;

The General Assembly hereby resolves:

to ask the government of Ecuador to cease discrimination against the newspaper HOY with respect to the distribution of official news;

to make formal charges publicly if it believes that it has evidence of illegal activities by the newspaper HOY or its editor; and

to end any pressure placed on information media that would tend to influence news gathering.

Guyana

Whereas: due to the interference of the government in the supply of newsprint, Father Andrew Morrison continues to have serious difficulties publishing his newspaper, CATHOLIC STANDARD;

both Father Morrison and the staff at the CATHOLIC STANDARD continue to be the victims of psychological persecution and intimidation;

there is a new administration in Guyana;

The General Assembly hereby resolves:

to suggest that the new administration of Guyana end pressure put on Father Morrison and the CATHOLIC STANDARD and restore freedom of expression.

Haiti

Whereas: Paul Constant, of the Ministry of Interior and Defense, attended this General Assembly in order to announce the "democratization" of Haiti and promise freedom of the press;

The General Assembly hereby resolves:

to ask the government of Haiti and its president for life, Jean Claude Duvalier, to demonstrate that a new era is beginning in Haiti, ending the arbitrary imprisonment of newsmen, freeing persons who have been jailed for exercising their right to free expression and enabling the press to inform the people of Haiti on all the actions of their government.

Mexico

Whereas:

in some states of the Mexican Republic, attacks have been made on newsmen, some of whom have been killed;

attacks have occurred aimed at the facilities of certain newspapers;

in none of the cases have the authorities discovered or captured those responsible for the attacks;

The General Assembly hereby resolves:

to ask the government of Mexico to ask the respective judicial authorities to investigate the personal attacks on newsmen and newspapers and ask for an intensification of investigations accelerating the process so that those responsible for the attacks may be brought to justice.

Mexico (II)

Whereas:

the IAPA is an institution which monopolizes the manufacture, distribution and importation of paper;

it is the government that is the majority owner of the institution;

The General Assembly hereby resolves:

to reiterate to the Mexican Government the concept that in order for free journalism to exist, it is indispensable that the market for paper and other raw materials used in the publication of newspapers not be subjected to governmental control.

Nicaragua

Whereas:

the Nicaraguan people have been denied freedom of expression for over three and a half years;

the state of war does not justify total censorship or an increase in restrictions on personal freedom imposed under the last state of emergency;

The General Assembly hereby resolves:

to remind the Nicaraguan Government of its repeated promises to permit freedom of expression and respect political plurality;

to condemn the seizure of copies of the first copy of the Catholic weekly IGLESIA and the takeover, by the military, of the Church's printing press;

to appeal to the government to cease the persecution of information media, especially LA PRENSA, the only independent newspaper in the country;

to repeat our request to lift censorship and reopen all radio stations closed by the government;

to ask all newspapers in the Hemisphere to continue to show their solidarity with LA PRENSA in its fight to maintain freedom of expression.

Panama

Whereas:

since the brutal murder of Dr Hugo Spadafora, the government and the defense forces of Panama have unleashed a harsh attack on the communications media;

as a result of reliable reports published, there is a possibility that the daily newspaper LA PRENSA might be closed and that the newspaper, as well as

the daily EXTRA, has expressed its profound concern over freedom of the press in Panama;

the government has not kept its promise made to LA PRENSA of compensating for damage done when the National Guard occupied its premises;

columnist Guillermo Sanchez Borbon has received serious threats against his personal safety, forcing him to remain hidden for 2 weeks;

the newspapers of the firm Editora Panama America were taken away from their owners by means of suspicious legal manipulation;

Law No 11 of February 1978, which catalogues as a crime the publication of "false news" and stipulates imprisonment for the editor and the closing of the publication without any legal process, continues in effect;

The General Assembly hereby resolves:

to express its profound concern over the threats against Guillermo Sanchez Borbon and its intention of carefully watching over his safety;

to insist that the government and defense forces respect freedom of the press and the right of LA PRENSA and EXTRA to freely publish their news and opinions;

to urge the government to compensate LA PRENSA, based on its promise, to abolish Law No 11 and return to their legitimate owners the facilities of Editora Panama de America, Inc.

Paraguay

Whereas: in Paraguay, attacks and threats aimed at radio stations "Nanduti" and "Caritos" in particular and at periodicals, television stations, foreign correspondents and newsmen in general continue to grow in intensity;

the daily ABC COLOR was closed 17 months ago by a decision of General Stroessner;

The General Assembly hereby resolves:

to urge General Stroessner once again to permit the reopening of the daily ABC COLOR and to cease arbitrary action against and persecution of the press of Paraguay.

Uruguay

Whereas: in Uruguay, the government has been democratically elected;

The General Assembly hereby resolves:

to ask the Legislative Branch of Uruguay to pass rapidly the bill modifying the press law, which was approved by the previous government and which contains elements harmful to freedom of the press.

Official Publicity

Whereas:

a growing number of national governments, especially those of Ecuador, El Salvador, Nicaragua, Panama, the Dominican Republic and the provincial government of Buenos Aires in Argentina use official publicity as an instrument to benefit media that favor them and punish organs of the press viewed as enemies;

The General Assembly hereby resolves:

to repeat its request sent to the governments of Ecuador, El Salvador and the Dominican Republic and ask the president of Panama and the governor of Buenos Aires Province to abstain from this antidemocratic practice;

to condemn this form of discrimination as a violation of freedom of the press and urge the abandonment of this abusive use of funds collected from taxpayers.

11,464

CSO: 3348/183

INTER-AMERICAN AFFAIRS

CHILE, ARGENTINA TO CONDUCT JOINT OPERATIONS IN ANTARCTIC

Santiago EL MERCURIO in Spanish 27 Oct 85 p C-1

[Text] Chile and Argentina will start performing joint scientific tasks in the Antarctic region in December, according to an announcement of Chilean Antarctic Institute (INACH) Director Pedro Romero Julio.

He said that the national flag M/S "Capitan Alcazar," and the neighboring country's icebreaker "Irizar" will be assigned to these activities. Chilean experts will go on board the trans-Andean naval unit, and viceversa.

He stated that this bilateral endeavor marks the beginning of the collaboration between the two countries, following the signing of the Chilean-Argentine Peace and Friendship Treaty that went into effect on 2 May of the current year.

The contacts that resulted in the decision to conduct coordinated tasks in the Antarctic were begun in Buenos Aires in June of this year. Officials of the respective ministries of foreign affairs, including Argentine Antarctic Institute Director Dr. Carlos Rinaldi and his Chilean counterpart, Pedro Romero, took part in them. The same subject was discussed by the two delegations that attended the meetings held in Paris and Brussels, which convened the representatives of the member countries of the Antarctic Treaty.

Biology and Geology

The INACH director states that the collaboration will be concretized in a program of joint scientific activities related to biological and geological studies which will foster the exchange of scientists.

On the other hand, other joint programs in different specialities are being implemented with Spain in the realm of international scientific cooperation. Romero pointed out that the last mentioned country and Italy have officially announced their decision to organize expeditions to the Antarctic Continent.

With regard to the Chilean-Argentine bilateral activity, he added that once the disagreement was settled and the Peace and Friendship Agreement was signed, "we have engaged in a joint effort."

Speaking in general terms, he explained that this activity in the Antarctic "will have a manifold future effect on these two countries that neighbor the White Continent, have an Antarctic tradition, exert sovereignty over that place, and are consultative and adjoining." This bilateral action, he said, "is of extraordinary importance."

Preparations in Chile

In the meantime, an extraordinary meeting was held at the headquarters of the INACH in Santiago which was attended by all the project leaders. A complete checkup of all the instruments to be used in the 22d Antarctic Scientific Expedition was also made.

8414/12948

CSO: 3348/150

INTER-AMERICAN AFFAIRS

BRIEFS

CARICAD HEADQUARTERS--An agreement between the Government of Barbados and the Caribbean Centre for Development and Administration (CARICAD) designating CARICAD's office in Barbados as its headquarters, was signed yesterday at the Ministry of Foreign Affairs and International Trade. The signatories to the agreement were Minister of Foreign Affairs and International Trade Senator Nigel A. Barrow, on behalf of the government, and Executive Secretary Mr Selwyn Smith, on behalf of CARICAD. [Excerpt] [Bridgetown BARBADOS ADVOCATE in English 16 Nov 85 p 1 FL] /9274

OECS AGENCY'S HQ--Roseau, 6 Dec (CANA)--Dominica is to be the headquarters of the new Organisation of Eastern Caribbean States Export Development Agency (ECSEDA), Trade Minister Charles Maynard has said here. Maynard said the agency would be responsible for providing, among other things, a marketing advisory service, packaging and sales literature, a trade information service and overseas representation. The decision to site ECSEDA here, Maynard said, was taken during the just-concluded heads of government conference of the OECS states in St Vincent. Maynard said that it was agreed that whatever the range of activities, the essential consideration determining the agency's effectiveness was that its services are geared directly to exporters' needs. Establishment of the agency was expected to cost EC4 million dollars (one EC dollar; 37 cents U.S.), with an annual operational cost of one million dollars (U.S.), Maynard said. He said the setting up of ECSEDA was a breakthrough for the development needs of OECS countries. [Text] [Bridgetown CANA in English 2112 GMT 6 Dec 85 FL] /9274

MEXICO, BOLIVIA SIGN AGREEMENT--La Paz, 9 Dec (AFP)--The Bolivian and Mexican governments have signed an agreement on exchanging prisoners to complete their sentences in their country of origin. There was no information of how many Bolivian prisoners are in Mexico or how many Mexican prisoners are in Bolivia. [Summary] [Paris AFP in Spanish 0718 GMT 10 Dec 85 PY] /9738

CHILE, ARGENTINA BORDER TRAFFIC-- The executive committee of the International Trade Truck Owners Association will travel to Argentina in a few days to analyze and seek a solution to the problems facing truckers entering the trans-Andean country, inasmuch as the regulations regarding the road traffic sector in that country are completely different to ours. Adolfo Quinteros, president of the association, pointed out that during the visit, they will discuss with the Argentine authorities the way to coordinate both sectors "inasmuch as this is currently one-sided because Argentine trucks have no problems operating in Chile, while we must abide by a number of requirements that hinder the normal traffic of the vehilces." [Excerpt] [Santiago LA NACION in Spanish 30 Oct 85 p 6] 8414/12948

CSO: 3348/150

ARGENTINA

PLO REPRESENTATION REPORTEDLY 'PROBABLE' IN MARCH 1986

Buenos Aires EL PERIODISTA in Spanish 7 Nov 85 p 36

[Article by Nancy Sosa: "The PLO in Buenos Aires"]

[Text] Prospects that the Palestine Liberation Organization might be officially represented in Buenos Aires seem to be moving forward following the visit by PLO deputy minister for Latin American affairs Farid Suwwan. The almost secret meeting of Suwwan and the presidential adviser on military affairs, retired Col Jose Maria Tisi Bana (held the same night that President Alfonsin was participating in a banquet of the Israeli DAIA [Delegation of Argentine-Jewish Associations]), also fueled unconcealed optimism on the part of local sympathizers of the Palestine organization.

Despite the discretion surrounding the matter, official circles have let it be known that March 1986 is a "likely" date for the opening of the PLO office in Buenos Aires. Less clear, on the other hand, is the profile to be adopted by the representation. Would the Argentine Government accept a Palestinian embassy with all the diplomatic attributes? Should the representation constitute an information office with diplomatic status, such as the one operating in Washington? Or would it be more suitable to set up a PLO agency similar to the one in Spain, mainly concerned with promoting commercial trade?

The answer to these questions fits into a favorable framework for the diplomatic influence of the Arab world on the Argentine Government. On 25 November, the UN General Assembly should once again take up the conflict in the Malvinas. The votes of the 110 nonaligned countries, the 47 nations of the Islamic Confederation and the 22 members of the Arab League represent a noteworthy source of support. Even before the date of 25 November -- certainly within the course of this week -- Alfonsin will have received from the PLO a formal request to set up official representation in Buenos Aires.

New Frontiers

The current diplomatic campaign of the PLO is being waged, furthermore, within the new context created by the Israeli bombing of Tunis on 1 October and the subsequent crisis unleashed by the highjacking of the Italian "Achille Lauro" and American military action in the Mediterranean. For the Palestinians, it is now clear that "the frontiers of war are no longer the borders with Israel, but rather, those established by the Israeli Government and its American ally,

both of which are willing to carry the conflict beyond their borders, as far as the capitals of the Arab countries in North Africa," Suwwan says. "We want peace and the sooner the better. My people do not want to continue the war and do not want violence." But, according to the deputy foreign minister of the PLO, the creation of a Palestinian state with a secular, democratic government finds no channel "because in Israel, there is a power structure whose decision on resolving the Palestinian question is based on the belief that the final solution is genocide."

Suwwan does not hesitate to call the hijacking of the "Achille Lauro" "the reaction of a tiny group that has nothing to do with the Palestinian purpose." The four members of the command "were going to be tried and harshly condemned by the PLO, not only because of the kidnapping and the murder, if they did in fact commit it, but also for the attack and defamation of the noble struggle of the Palestinian people."

The controversial episode of the American capture of the Egyptian plane carrying the Palestinian commandos (action later causing the fall of the Italian Government and tension between Egypt and the United States) included one significant detail, according to Suwwan: "The telephone conversation between Ronald Reagan and the American Defense Department on what to do with the Egyptian plane if it did not surrender obtained the following response from the President: 'Let our friends shoot it down.' The friends to whom Reagan was referring were the Israeli Armed Forces."

The result of the American attitude is interpreted by the PLO as "total humiliation" for the Italian Government and "a clear violation of the independence and sovereignty of a state," but it also represents "a lesson Reagan is giving, not only to Italy, but to all European governments, including those of Francois Mitterrand and Margaret Thatcher, who shortly after the episode refused to receive an official delegation from Jordan."

Suwwan maintains that Reagan decided to administer "exemplary punishment" to European countries inclined to adopt independent positions and to speak out in defense of peace in the Middle East, precisely as Italy had done. "It would appear that Washington also wants the head of the Egyptian Government because it decided not to yield totally to Reagan's power and to manifest greater rapprochement with the Arab world," Suwwan said.

Nonaligned

For years, Suwwan has been promoting a rapprochement between Latin America and the community of Arab countries. As a diplomat, he visited Nicaragua on different occasions and admits that "the Sandinist Government is a friend of the Palestinian cause and we have good relations." On the other hand, he denies stories about the direct or indirect military support which the PLO is said to grant Nicaragua: "There is no such support because the Nicaraguan people do not need it. They can defend themselves from any foreign aggression." The deputy foreign minister of the PLO does not rule out the prospect of the United States turning the Central American conflict into what Vietnam was a decade ago or into what the Middle East is now. He also warns that military

intervention or support for opposition forces in any country promotes the right of other nations to do the same and this would extend the war throughout Latin America.

PLO leaders maintain that in the current international situation, the Movement of Nonaligned Nations to which the PLO belongs owes it to itself to have a new formulation that "is already underway." There is great hope for the meeting which the Group of the 77 is to have in April of next year in Brasilia, which could lead to important adjustments in trade relations and the convergence of criteria on issues relating to disarmament, the war in the Middle East and Latin American conflicts.

The expectations of the PLO concerning Argentine foreign policy seem to be cautious, on the other hand. During his visit to Buenos, Suwwan confined himself to pointing out that his organization "would be most happy if Argentina were to play a very important role, along with other Latin American nations, in nonalignment and in the creation of a third force between the East and the West." In that sense, the PLO has hailed the creation of the Cartagena Group and efforts to unify criteria on the countries facing economic crises because of their foreign debts. "We would fully support a Latin American-Arab dialogue benefiting both sides," Suwwan says, although he recognizes the failure of negotiations conducted through the League of Arab Countries "due to the censure, the veto by the American Government." In order to get back on the path, the PLO is now seeking other forms of dialogue.

11,464
CSO: 3348/213

ARGENTINA

SOCIALISTS REJECT RADICAL GOVERNMENT'S POLICIES

PY222316 Buenos Aires TELAM in Spanish 1851 GMT 21 Dec 85

[Text] Buenos Aires, 21 Dec (TELAM)--Oscar Palmeiro, the secretary general of the Argentine Socialist Confederation, today ruled out the possibility of cooperating with the policy of the radical government, which he said can only deepen the country's dependence.

The leader said: We, the Argentine Socialists, want to work for national unity with a liberation project that includes the labor and productive sectors and the professionals and technicians who have no ties with imperialism.

Without a national liberation project, this convocation by President Raul Alfonsin is, like some previous attempts, aimed at dividing the opposition parties and broadening the sector that supports the government, in the absence of a policy of real transformation, which is the only way to solve the crisis, Palmeiro said.

He added that the only objective of the Baker Plan, which the government technocrats are analyzing as a chance to overcome the current critical situation, is to force us to make more efforts to meet our obligations with the creditor banks, which are responsible for the enormous debt that is hindering our development.

Palmeiro, who is a member of the Socialist Unity Alliance, made these statements during a Socialist Congress being held in Mar del Plata.

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CSO: 3348/304

ARGENTINA

ECONOMIC, SOCIAL CONFERENCE HOLDS FIRST MEETING

PY191138 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0100 GMT 19 Dec 85

[Excerpts] Buenos Aires, 18 Dec (NA)--The Economic and Social Conference on 23 December will outline the salary policy that will go into effect as of January 1986. The subject was debated at length during the first meeting of this tripartite organization that lasted 4 hours at Government House yesterday.

An official communique released at the end of the meeting stated that the three parties involved agreed that "the drop in the inflation rate has been possible thanks to the effort of all sectors, especially of the workers."

The Economic and Social Conference was adjourned tonight until 1000 on 23 December. The communique indicated that "in the meantime, consultations and exchanges of information between the participants will continue," in order to arrive at agreements on the salary policy that will go into effect as of 1986.

The first meeting of the Economic and Social Conference was held at Government House and lasted from 1715 to 2115. It was presided over by Interior Minister Antonio Troccoli. President Raul Alfonsin, who remained at his office in Government House, and Saul Ubaldini, who is in Brussels attending the meeting of the CIOSL [International Conference of Free Trade Union Organizations], were not present.

In addition to the interior minister, the government was represented by Labor Minister Hugo Barrionuevo, Economy Minister Juan Sourrouille, Health and Social Action Minister Aldon Neri, and presidential spokesman Jose Ignacio Lopez.

The Argentine General Labor Confederation sent leaders Pedro Goyeneche (textile workers), Aldo Serrano (light and power workers), Alejo Farias (construction workers), Hugo Curto (metalworkers), and Jose Pedraza (railroad workers).

The businessmen's delegation was made up of Argentine Industrial Union [UIA] President Roberto Favalevic, UIA First Vice President Gilberto Montagna, UIA Third Vice President Luis Maria Blaquier, Argentine Industrial Council representative Rolando Pietrantueno, and General Industrial Confederation representative Rafael Kohanoff.

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CSO: 3348/304

ARGENTINA

BRIEFS

CGT WITHDRAWS FROM TALKS--Buenos Aires, 23 Dec (TELAM)--Sources of the Argentine General Labor Confederation [CGT] executive board have reported that the CGT today decided to temporarily suspend its participation in the Economic and Social Conference because it disagrees with the salary hikes that the government has announced. The CGT will call a plenary meeting of union secretary generals and representatives from rural branches in early January to make the final decision about negotiations with government and business representatives. The CGT executive board arrived at these decisions this afternoon and it also approved a very critical document on the government's socioeconomic policy. [Text] [Buenos Aires NOTICIAS ARGENTINAS in Spanish 2117 GMT 23 Dec 85 PY] /9738

NEW MILITARY HOUSEHOLD CHIEF--Buenos Aires, 16 Dec (TELAM)--Air Force Colonel Hector Panzardi will be installed as chief of the Military Household of the presidency during a ceremony that will take place at Government House on 20 December. He replaces Colonel Juan Manuel Tito. [Summary] [Buenos Aires TELAM in Spanish 2217 GMT 16 Dec 85 PY] /9738

DEFENSE UNDER SECRETARY NAMED--Buenos Aires, 16 Dec (TELAM)--It has been officially reported that Jorge Horacio Carnelli has been named production under secretary of the Defense Ministry. [Summary] [Buenos Aires TELAM in Spanish 2050 GMT 16 Dec 85 PY] /9738

AGREEMENT WITH YUGOSLAVIA--The State Gas Company and the Yugoslav ("Ina-Project") Company signed a technological exchange agreement this afternoon to carry out joint programs of research, development, and supply of technical services. The programs include: planning the replacement of liquid fuels with Comprimak natural gas (GNC), the use of liquid gas as vehicle fuel; the use of polyethylene and other plastics to transport gas; the use of computers in gas distribution plants; for reading gages, recording data, and programming gas transportation. [Summary] [Buenos Aires TELAM in Spanish 0337 GMT 18 Dec 85 PY] /9738

TRADE WITH USSR DISCUSSED--Entre Rios governor Sergio Montiel has jointly reviewed with the president of the Argentine-Soviet chamber of commerce the possibilities for establishing a counterbalanced trade system between Entre Rios and the Soviet Union. [Text] [Buenos Aires Domestic Service in Spanish 1600 GMT 18 Dec 85 PY] /9738

CSO: 3348/304

BRAZIL

NEW REPUBLIC LEADERS' INVOLVEMENT IN MAYORAL ELECTIONS SEEN

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Oct 85 p 5

[Article by S.C.]

[Text] Brasilia--President Sarney, his ministers--especially Aureliano Chaves--Deputy Ulysses Guimaraes, and Governor Leonel Brizola are using their political prestige to support mayoral candidates in their state capitals. The most important figures in the New Republic, like their major opponents, are directly involved in the election campaign, being certain that what they are fighting for is control not only of the country's largest cities, where about 18 million voters are concentrated, but also of what are real trenches in the war that the upcoming direct presidential election promises to be.

Although a member of the PMDB [Brazilian Democratic Movement Party], President Sarney is not involved in state capitals where his party's candidates are running against representatives of the PFL [Liberal Front Party]. But he is betting everything on Jayme Santana, the PFL's candidate in Sao Luis, where the chief political middlemen are Deputy Sarney Filho (PFL) and Roseane Sarney Murad, an adviser in the Office of the Presidency. Things may get complicated for the president and his political group if the election is won by the PDS [Social Democratic Party] candidate, Gardenia Goncalves, Senator Joao Castelo's wife, who is backed by Maluf's supporters. Santana and Gardenia are neck to neck in the Gallup poll and well ahead of PMDB candidate Haroldo Saboya--who is supported publicly by Ulysses Guimaraes and is not sparing in his criticism of the president of the republic.

The narrow lead given to Senator Fernando Henrique in Sao Paulo by Gallup makes the situation difficult for Deputy Ulysses Guimaraes and Governor Franco Montoro, whose candidacies for president of the republic will be automatically wiped out if the PMDB candidate loses. If Fernando Henrique wins, the PMDB will be strengthened in the country's largest delegation to the presidential election college. But if Janio Quadros wins, Minister Olavo Setubal, who is a candidate for state governor with the support of the PFL and the PTB [Brazilian Labor Party], will gain as well. Also gaining in such a case will be former Minister Delfim Netto, who intends to run for the constituent assembly on the PTB ticket, and Paulo Maluf, who would then get even for his defeat in the electoral college.

The victory in Belo Horizonte by Sergio Ferrara (PMDB) strengthens Governor Helio Garcia--who is dreaming of becoming vice president in 1988--and the influence of the family of the late Tancredo Neves in Minas Gerais politics. It is a serious blow to Aureliano Chaves, who was counting on having Mauricio Campos (PFL) in city hall to support him in his race for state governor in 1986. Aureliano would benefit indirectly from a victory by Janio Quadros in Sao Paulo, but no one can guarantee that Janio himself will not be the PTB's candidate for president in 1988.

The PMDB's plan for electing its man president in 1988 is being hurt by the party's wretched election performance in Rio de Janeiro, where the victory by Roberto Saturnino strengthens Governor Leonel Brizola, whose electoral aspirations are also being given a boost by the good position enjoyed by Alceu Collares (PDT [Brazilian Democratic Party]) in the race for mayor of Porto Alegre. The governor of Rio de Janeiro is also rooting for Jaime Lerner to win in Curitiba despite that candidate's independence, because a victory by Roberto Requiao (PMDB), who is now ahead in the polls, would score a point for Governor Jose Richa and, consequently, for the PMDB.

Minister of Education Marco Maciel and Governor Roberto Magalhaes of the PFL will be the big beneficiaries if Sergio Murilo (PMDB) is elected in Recife. The defeat of Jarbas Vasconcelos, who has left the PMDB to run on the PSB [Brazilian Socialist Party] ticket, is bad for Minister of Justice Fernando Lyra, Miguel Arraes, and the "progressive" PMDB.

If the winner in Natal is Garibaldi Alves, Minister of Administration Aluizio Alves will gain, but if Vilma Maia (PDS-PFL) wins, the winners will be Governor Jose Agripino Maia and his family, who control both parties. In Fortaleza, the big lead by Paes de Andrade favors Governor Gonzaga Mota and is a disadvantage to Deputy Governor Aduino Bezerra and Paulo Lustosa, minister of debureaucratization, both of the PFL and both hoping to become state governor in 1986.

11798

CSO: 3342/22

BRAZIL

ALMOST 20 PERCENT OF FAMILIES LIVE ON ONE-FOURTH MINIMUM WAGE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Oct 85 37

[Text] Brasilia--About 20 percent of Brazilian families survive on an income of up to 82,280 cruzeiros--one-fourth the minimum wage--and workers between the ages of 10 and 19 provide over two-thirds of that income. The country currently has a total of 30.3 million minors, and that figure should reach 38 million by the year 2000. Although Brazilian legislation prohibits the employment of those under 12 years of age and sets strict standards for the employment of those over 12, a study by the Ministry of Labor has concluded that the law is inadequate for families in extreme poverty and points to the need to redirect public investment so as to reduce poverty in the country.

Legislation will not prevent child labor, and the study points out that solving the problem depends on providing more fair compensation and increasing welfare protection for adults. The number of minors in the country's labor force increases by 343,000 children and adolescents per year. Until 1980, their presence was showing a slight decline, but in that year it began to grow again. According to the ministry's survey, the working day for children can be as long as 15 hours, although the law stipulates a maximum of 8 hours per day with intervals of 11 hours.

Working conditions for minors are precarious: in 1981, 67 percent of them did not possess a signed work card. The situation grew worse in 1983, when about 73 percent of employed minors had no formal working arrangements. The studies by the Ministry of Labor also show that 15.3 percent of the population between the ages of 10 and 24 had no type of fixed remuneration for the work performed and that among those between the ages of 10 and 14, 33 percent received nothing for services performed.

Currently, 65 percent of workers between the ages of 10 and 24 do not attend school. According to the ministry's survey, this situation is explained by the length of the workday: among minors between 10 and 14 years of age, 74 percent of those who have not tried to study are coping with workweeks of more than 40 hours. In the same age group, 55 percent of the minors not in school work more than 48 hours a week. Statistics for the period between 1950 and 1970 indicated, however, that minors between 10 and 14 years of age were

managing to stay in school longer. The low level or lack of school attendance explains the low wages or lack of remuneration among minors.

Most of the 343,000 minors entering the labor market every year--90 percent--are absorbed in three basic sectors: agriculture, services, and, to a lesser extent, industrial activities. The ministry's study blames the situation partly on current legislation, which imposes "inflexible and unrealistic safeguards" on the employment of minors. The ministry says that in addition to contributing to the current picture, that attitude has a "discriminatory and even biased" character.

11798

CSO: 3342/22

BRAZIL

AIR FORCE MINISTER ON UNITY TO STRENGTHEN DEMOCRATIC PROCESS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Oct 85 p 13

[Text] Rio de Janeiro—Minister of Air Gen Ocravio Moreira Lima has issued an appeal for national awareness concerning the importance of the government's working in peace, "without tumult and without absurd proposals that will cause tumult in the democratic process." In an exclusive talk with O ESTADO DE SAO PAULO, the general said that "there is complete agreement among the military ministers in aspiring to make it possible to strengthen the democratic institutions, the principle of government authority, and respect for the legislative and judicial branches." The minister of air emphasized: "Genuine respect among the segments of Brazilian society and comprehension of its problems are the means by which we will achieve true democracy. It must be remembered that democracy is the system of a civilized country, and many times we need to show that we are civilized so as to make it possible to create in Brazil the democracy to which we all aspire."

The general said that the objective of strengthening democracy, which was symbolized by the exhortations of President-elect Tancredo Neves and which President Jose Sarney and the leadership associated with him intend to achieve with "firm steps," is also "the common goal of the military ministers": Minister of Navy Adm Henrique Saboia, Minister of Army Gen Leonidas Pires Goncalves, Chief of the Armed Forces General Staff (EMFA) Adm Jose Maria do Amaral Oliveira, and, naturally, the minister of air.

Moreira Lima said that "there have been unfair and groundless interpretations of the minister of army's conduct in the episode concerning the vote on amnesty for military men whose rights had been revoked. The minister's concern--shared by the other military ministers--was to prevent the creation of new technical-administrative realities that would have a negative effect on the Armed Forces," and there was never any thought "of even considering a political turning back."

The general announced that the military ministers had met and discussed all matters relative to the military amnesty that were the subject of debate in the political area, "and a technical-administrative analysis was made and sent to the political leaders." According to the general, "there was dialogue" between the military ministers and the party leaders "in exactly the same way

that such dialogue takes place in a democratic system, with no attempt to ignore or deny the rights of those amnestied and the right of them and their families to compensation, especially since, as we know, some families have suffered poverty."

The minister of air continued: "Because of that, the possibility that those amnestied will be promoted to colonel if otherwise entitled to such promotion will represent reparation and a recognition of their careers. The analysis throughout the period in which amnesty was being voted on was concerned, therefore, with the consequences of an administrative nature and the resulting problems. The rights of those being granted amnesty were not denied."

Cordial Relationship

The financial problems resulting from rejection of the amendment proposed by the government and approval of the more comprehensive bill "would probably have been beyond the country's capabilities, bringing about a worsening of the economic situation. Because of that, a solution involving negotiation was reached, and that is what is possible under the circumstances."

In the general's view, "the professional and cordial relationship enjoyed by the Armed Forces with the National Congress, particularly with the political leaders, will not be jeopardized as a result of the episode involving the vote on amnesty for the military. On the contrary, there can and must be even a rapprochement and greater understanding between both parties."

The minister mentioned the recent visit by the speakers of the Senate (Jose Fragelli) and the Chamber of Deputies (Ulysses Guimaraes) to CINDACTA (Combined Air Safety and Air Traffic Control Center) in Brasilia, where they had the opportunity to become closely familiar with two of the Brazilian Air Force's most important activities--air safety and air traffic control, which have been integrated into a single system as an economy measure. In the general's view, that "was one of many occasions that political leaders will have, regardless of partisan aspects, to verify the professional activities of the Armed Forces, because they will then be able to see that the Armed Forces are geared to their own professional duties--that is, to fulfilling their responsibilities with no temptations foreign to their constitutional duties: respecting the constituted powers and authorities, subordinate to their supreme commander the president of the republic, and apolitical."

The minister of air said that "the determination on the part of the Armed Forces is to do everything" to see that the process of consolidating democracy "will proceed calmly." In fact, the military ministers need to preserve unity because in that way they not only ensure institutional support for the New Republic but also discourage the activities of those who sometimes want to destabilize it. And according to some analysts, among them an army officer who was once secretary of public safety in Sao Paulo and studied the problem of plots against the New Republic, such people have not given up.

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BRAZIL

CHINA, JAPAN TARGETED AS MARKET FOR EXPORT DRIVE

Paulo O ESTADO DE SAO PAULO in Portuguese 27 Oct 85 p 55

[Article by Nelson Mendes]

[Text] Brazil —Over the next few years, Brazilian foreign trade is going to be marked by efforts to gain entry for Brazilian products in markets with a large capacity for absorbing them—examples being Japan and the PRC—while at the same time, the policy of countertrade with countries in the Middle East and Latin America will be continued.

That is the outlook presented by Roberto Fendt, Jr., director of the Bank of Brazil's Foreign Trade Department (CACEX), in his analysis of the potential for Brazilian foreign trade beginning in 1986, especially from the standpoint of progress with exports. The trade balance will continue to show a surplus of about \$12.5 billion—the result of export earnings of \$26.5 billion and imports totaling \$14 billion.

In the opinion of CACEX, imports in 1986 should be 8 or 10 percent higher than the \$13 billion expected for 1985. Fendt pointed out that that is a "conservative" figure because with economic growth of 5 percent as forecast by the government in the National Development Plan, the need to replenish inventories will certainly increase. There has been leeway this year in all the CACEX import programs, meaning that the predicted imports did not take place. There was even a declining trend through June. But the resumption of economic growth, which is already noticeable this year, will increase the demand for machinery, equipment, and raw materials, leading to an increase of at least \$1 billion in imports for 1986 despite the lower outlay for petroleum imports as a result of higher domestic production.

Planning

According to the director of CACEX, planning Brazil's trade balance for 1986 is organized around a series of basic premises concerning the national and international economies. In the domestic sector, CACEX expects an average rise of 5 percent in the GDP and an exchange policy similar to the one in 1985—characterized by minidevaluations of the cruzeiro and its depreciation at the same rate as the increase in inflation. CACEX also started from the

principle that the government firmly intends to keep real interest rates compatible with the growth rate of 5 percent.

As far as the international economy is concerned, the premise adopted by CACEX is that it will grow by 3 percent, and that will keep the flow of imports stable. The rise in U.S. protectionism is not a matter of much concern to the director of CACEX, who sees in that attitude the reaction by U.S. industrial sectors to their loss of comparative advantages with respect to certain Brazilian products--in the area of iron and steel, for example. In the United States, says Fendt, there is plenty of room for Brazilian export products, and protectionism is manifesting itself in a "localized" form, being directed against certain products but not against exports as a whole.

The premises with which CACEX is working therefore make it possible to foresee export earnings in 1986 of \$26.5 billion, or \$1.5 billion more than the expected earnings of \$25 billion in 1985. That will be a significant increase, and it is based in particular on an expected growth rate of 3 percent in the world economy next year. Brazilian imports are expected to total around \$14 billion under the impulse of greater demand by industry as a result of the reheating of the domestic economy.

Explosive

The director of CACEX feels that beginning in 1986, Japan will constitute a market where an "explosive opening up" is going to occur owing to the large surplus in that country's trade balance, the surplus having led the Japanese Government to stimulate the significant increase in imports. From Brazil's standpoint, according to Robert Fendt, Japan constitutes an excellent market for semimanufactures and mineral and agricultural products in addition to products whose manufacture requires intensive use of electric energy, examples being pig iron, aluminum, and ferrosilicon. But he warns that Japan is not "an easy market," primarily because of the complete structure of its foreign trade, with the presence of business conglomerates that are very different from Brazilian firms involved in exports.

Besides also foreseeing a significant growth in exports to the Chinese market, the director of CACEX believes that Brazilian trade with Latin American and Middle Eastern countries will also be strengthened in 1986 as a result of the respective systems of mutual credit and countertrade. In the first case, a line of credit regulates transactions between Brazil and the other countries on the continent, with settlement being made only at certain intervals. With the countries in the Middle East, there will be increased use of the system, already used by PETROBRAS in connection with petroleum, which consists of linking imports of raw materials with exports of Brazilian products, both basic and manufactured.

Another big boost to Brazilian exports, in the opinion of the director of CACEX, will come from the current interest rate actually being paid by firms in operations for the prefinancing of exports. Because of the new monetary policy being pursued by Dilson Funaro in the Ministry of Finance, the government has managed to lower the interest rate, and the result has been a

lowering of the interest paid by exporters in prefinancing operations. They now benefit from a 15-percent equalization rate guaranteed by the government. Exporters are now paying an actual interest rate of 10 percent—that is, the 25-percent market rate less the 15-percent equalization rate plus monetary correction. As the director of CACEX points out, this means that Brazilian exporters have achieved financing conditions equal to those enjoyed by their competitors abroad, and that fact is reflected in the final price of the goods they export.

Decentralization

The effort to put new life into Brazilian foreign trade beginning in 1986 will be supported by a change in the decisionmaking system at CACEX, which is to become less centralized. The 118 CACEX offices are to be granted broader decisionmaking powers through the transfer to them of responsibility for decisions which until now have been restricted to the central office in Rio de Janeiro.

In the opinion of the director of CACEX, that approach will lead to greater efficiency in all operations, whether involving exports or imports, and also speed up the decisionmaking process, thus sharply reducing costs for the businessmen, who will no longer have to travel from their states to the central CACEX office in Rio de Janeiro to obtain export or import permits. The decentralized decisionmaking process will be uniform so as not to allow differing interpretations concerning the matters being examined. A parallel measure now under study at CACEX that should also have a favorable effect on the pace of Brazilian foreign trade in 1986 calls for consolidating all the rules applying to export and import operations and their financing procedures.

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BRAZIL

DREAM TO BECOME OIL EXPORTER CLOSE TO REALIZATION

Rio de Janeiro O GLOBO in Portuguese 13 Oct 85 p 42

[Article by Ramona Ordones]

[Text] Brazil a petroleum exporter. That statement in 1979, when the country was producing only 170,000 barrels a day and depended heavily on imports, might have seemed an unattainable dream. Today, however, with production up to 600,000 barrels per day, the dream is no longer impossible. PETROBRAS production manager Joel Mendes Renno confirms that as early as the 1990's, not only might Brazil be self-sufficient, but it should also be producing more than it needs if hopes that sizable petroleum reserves exist in deep water in the Campos Basin are confirmed.

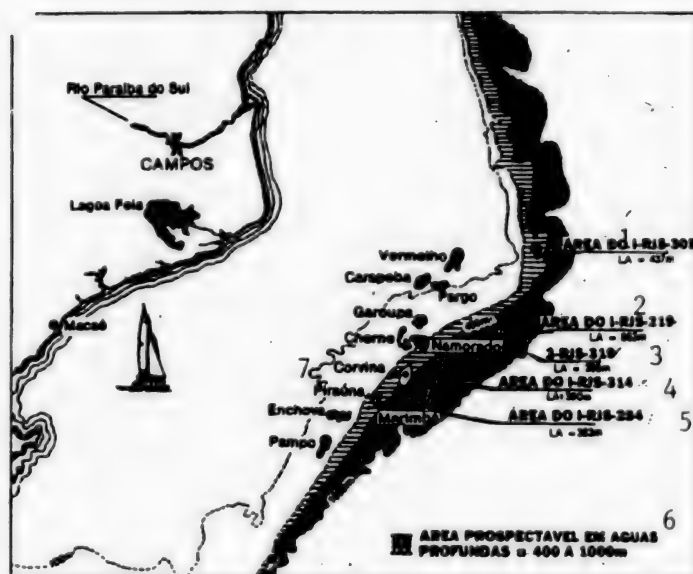
Eleven years after it was discovered, the Campos Basin--the country's largest oil region with reserves of 1.1 billion barrels--is not showing a decline in production, as would be normal. Instead, it is revealing the existence of a new and vast deposit, said Renno, in water where the depth is between 400 and 1,000 meters.

In the past 15 months, PETROBRAS has drilled five wells in deep water, and all have revealed the presence of petroleum.

He emphasized: "Over the long term, if we continue to discover petroleum with the same frequency, it is not impossible that the country will achieve self-sufficiency and even produce much more than required for its own consumption. But for that to happen, it is important that sufficient reserves exist, and it is impossible to set a date in such matters."

The first discovery of petroleum in deep water occurred last November [1984] with the drilling of Well RJS-305 northeast of the basin and 110 kilometers from the coast at a depth of 437 meters. The extension well (RJS-316, at a depth of 667 meters) confirmed the existence of the largest field ever discovered in this country, with reserves of over 360 million barrels of petroleum.

A few kilometers south of that area, PETROBRAS geologists believe they have found an even larger reservoir which may contain reserves of from 700 million



Key:

1. I-RJS-305 area, depth of water: 437m
2. I-RJS-219 area, depth of water: 853m
3. 3-RJS-319 area, depth of water: 390m
4. I-RJS-314 area, depth of water: 390m
5. I-RJS-284 area, depth of water: 383m
6. Prospective area in deep water (400-1,000 meters)
7. Names of offshore oilfields

to 800 million barrels and which Helio Beltrao, chairman of the state-owned firm, called a "gigantic field." PETROBRAS drilled two wells there (RJS-219 and L-319), both of which showed petroleum, and is now drilling RJS-325. The depth of water in that area ranges from 800 to 1,000 meters.

Although not admitting anything officially, PETROBRAS managers and technicians surmise that the sheet of petroleum extends alongside all the fields located in shallower water, where over 60 percent of the petroleum consumed in Brazil is produced and where the largest reserve is located.

PETROBRAS is scheduled to drill three more wells in deep water in Campos this year, and if expectations are confirmed, Brazil will not be far from becoming a petroleum-exporting country.

Renno emphasized: "It is possible that a new Campos Basin with reserves larger than the current reserves exists in deep water. If so, that will guarantee production of from 800,000 to 1 million barrels per day. But it is impossible today to determine when that is going to happen."

The manager emphasized that it is important for the country to continue looking for petroleum in deep water and to develop the technology for extracting it even in the current phase of low petroleum prices on the international market. According to Renno, the market is cyclical, and the current situation, which is favorable to petroleum-importing countries, may reverse itself. If Brazil does not prepare for a change, it will be faced with serious economic problems as in the past.

Joel Renno says that before PETROBRAS decides to bring an oilfield into production, it conducts a detailed study that takes innumerable parameters into account, examples being reserves, the time it will take for them to be depleted, and the volume of production. It is those studies which will indicate whether exploitation of the reserve is feasible or not, as will the savings in foreign exchange, the type of equipment required, the costs, and the timing. And that kind of study will be made concerning development of the giant field discovered thanks to Well RJS-305. It may even indicate that exploiting the field at this moment would not be economical.

Renno concluded by saying: "Development of a well also depends on a decision by the government itself if, for example, the cost is high, but if it is considered necessary to the country, it will be done."

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BRAZIL

PROALCOHOL PROGRAM RESULTS ASSESSED TO BEGIN THIRD PHASE

Alcohol Program Changes Course

Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 85 p 1

[Article by Marcia Raposo of Sao Paulo: "Changes in PROALCOOL"]

[Text] The Alcohol Production Program (PROALCOOL)--created exactly 10 years ago by Decree-Law No 76,593 of 14 November 1975--is to undergo another change of direction. The government and the producers are reviewing targets and reevaluating the results obtained to date, with a view to initiating the third phase of the program at the start of 1986. The government and the producers are busy at the present moment reevaluating the program with the aim of reorienting its goals, which include a more rapid increase in productivity and an increase in exports. Minister of Industry and Commerce Roberto Gusmao, who announced the new changes, is now preparing the merger of the National Alcohol Executive Commission (CENAL) and the Sugar and Alcohol Institute (IAA), it was learned by Brasilia reporter Sergio Garschagen.

Meanwhile, the interministerial committee that is reevaluating PROALCOOL is endeavoring to obtain overall statistics concerning the sector--the number of distilleries installed and projected and the effective production capacity--for the purpose of establishing new policies. It is known that the government no longer wishes--because of a lack of resources--to subsidize new installations or even to authorize new projects in regions where sugarcane is grown intensively, such as northeastern Sao Paulo state (the Ribeirao Preto region). Efforts are accordingly directed toward obtaining greater productivity from the distilleries and also from the cane fields.

"Our next steps will have to be in the direction of technological improvement, without neglecting the goal of expanding the ranks of alcohol consumers," declared Cicero Junqueira Franco, president of the Sugar and Alcohol Producers Association (SOPRAL). How to reorient the existing distilleries--calculated by SOPRAL to total 560 (of which 347 are independent and 213 attached to the sugar mills)--and what policy to apply in reprogramming goals: these are matters for the entire sugar-and-alcohol sector to discuss with the government from next 18 to 20 November in Brasilia during ECONALCOOL VI (the National Assembly on Alcohol).

New Directions Are Necessary

Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 85 p 13

[Article by Marcia Raposo, of Sao Paulo: "The Time Has Come To Establish New Directions"]

[Text] An anniversary in the midst of reevaluations and changes: this is the turning point of the 10 years of PROALCOOL, which was created on 14 November 1975 by Decree-Law No 76,593 and signed by the then president Ernesto Geisel. Two phases of PROALCOOL have elapsed between then and now, and at the present moment an extensive discussion is taking place for the purpose of rethinking the orientation of the program.

A new overall policy for the alcohol sector, and establishment of the goals for a third phase of the program (to be initiated in 1986), are on the agenda for the talks between the government and the producers during ECONALCOOL VI (The Sixth National Assembly on Alcohol), which will be held in Brasilia from 18 to 20 November. "The fundamental objective of the assembly is to transmit concrete proposals from the alcohol sector for the government to consider in the new phase of the program," explains Cicero Junqueira Franco, president of the Sugar and Alcohol Producers Association (SOPRAL).

The producers studied some of the goals of the third phase: expansion of the alcohol-chemical sector, with production annexed to alcohol distilleries (downstream); an increase in the production of anhydrous alcohol for use as a gasoline additive, largely with a view to its export; a more efficient exploitation of by-products of the milling of the cane, such as bagasse and (vinhaca) [meaning unknown], for use respectively as animal feed and fertilizer; and finally, technological advances in respect to processes, with a view to increasing productivity both in cane growing and in the production process at the distilleries.

The first phase of PROALCOOL--the period 1976-1980--was devoted basically to constructing distilleries as annexes to the already-existing sugar mills, especially the larger mills. The first plants to be completed with funds from PROALCOOL include the Pedra (Baudilio Biagi), Vale do Rosario (Cicero Junqueira Franco) and Santa Elisa (Maurilio Biagi Filho), all of which are in the Ribeirao Preto region of Sao Paulo state. During this period 95 percent of the funds used to subsidize the implementation of PROALCOOL came from the Bank of Brazil; the rest came from programs such as the FINAME [Fund for Financing Machinery and Equipment] and BNDES, for the purchase of part of the equipment.

"The first independent distillery was the Alcidia (Rui Silva group)," SOPRAL's Franco recalls. "The plans for the plant were already completed and en route to the IAA [Sugar and Alcohol Institute] when PROALCOOL was created."

The goal of the first phase was the production of alcohol for fuel, to be added to gasoline in a proportion of up to 20 percent of the resultant mixture. After 1980--already in the second phase--the objective was motor vehicle

engines that burn 100 percent alcohol. Production then began to be centered basically on the supply of hydrated alcohol and no longer on anhydrous alcohol. "At the end of this second phase," Franco noted, "the final figures were as follows: 347 independent and 213 attached plants established with financing from PROALCOOL, for a total of 560 plants with a total production of 11.5 liters this year."

In 1983 funds for PROALCOOL began to be scarce, and the government went to the IBRD for money to continue the program. "During these 10 years a total of \$6.462 billion was invested in the program," the president of SOPRAL explained; "of this total, \$3.7 billion was in the form of financing and \$2.72 billion in the form of the plant owners' own funds. Of the total of \$6.462 billion, \$4.48 billion was invested in the alcohol industry and \$1.98 billion in the agricultural portion of the projects."

Investment in PROALCOOL reached its peak in 1981 (see table), when funds totaling \$1.477 billion were allocated to the sector; of this total, \$1.147 billion was financed principally fr the Bank of Brazil and \$330 million came from the producers' own funds. The estimated total investment for 1985, Franco says, is \$330 million, of which only \$30 million is in the form of financing and \$300 million is from the producers' own funds. "There is no longer any reason to finance or subsidize alcohol, because the existing facilities are already able to generate their own resources for reinvestment in their new projects," Franco believes. "Moreover, the government is not disposed to finance any more projects, especially in areas where there is already a large concentration of plants."

Table 1. PROALCOOL: Investments (in Millions of Dollars)

<u>Year</u>	<u>Financing</u>	<u>Own Funds</u>	<u>Total</u>
1976	41	31	72
1977	217	285	502
1978	286	238	524
1979	259	361	620
1980	572	231	803
1981	1,147	330	1,477
1982	621	143	764
1983*	249	145	434
1984	318	618	936
1985**	30	300	330
Total	3,740	2,722	6,462

* Start of IBRD funding

** Estimate

Source: CENAL, SOPRAL and GAZETA MERCANTIL Data Center.

From PROALCOOL's creation in 1976 to the present, the productivity of the plants rose from an average of 58.6 liters per ton of crushed cane to 70.5 liters per ton in the 1984-85 harvest in the Center-South region. In the North and Northeast the increase was considerably greater: from 53.5 liters at the start of the program to 75 liters at the time of the current harvest.

"However," Franco says, "we must strive harder and achieve higher productivity. The gains made henceforth will be in the production processes, especially in respect to fermentation of the cane--a field in which a rather advanced Japanese technology exists."

Problem of Oversupply Faced

Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 85 p 13

[Article by Suely Caldas, of Rio de Janeiro: "The Government Faces the Oversupply Problem"]

[Text] Although initiated with the full force and support of the governments that came into power following its creation in 1975, PROALCOOL has faced innumerable obstacles throughout the last 10 years, and its long-term target--14.3 billion liters per year by 1987--will definitely not be attained, despite the fact that there is sufficient installed capacity in the distilleries today for an annual production of 16 billion liters.

One of the major problems in connection with the program was not the alcohol as such but its first cousin, sugar--the prices for which since 1976 have experienced a downward slide on foreign markets, obliging Brazil to reduce its production increasingly. This year Brazil is producing 7.7 million tons of sugar, after attaining a total of 9.1 million tons in 1983.

According to the Sugar and Alcohol Institute (IAA), the target for alcohol production established for this year was 10.7 billion liters, which ultimately was surpassed by an additional 600 million liters because of the decline in sugar production. Stimulated by the expansion of the program and by the strong support of the government and even of the World Bank--which granted a loan of \$250 million to PROALCOOL--mill owners and sugarcane growers continually expanded the area planted to cane, and this year the major problem for the IAA management is the 14 million tons of cane left standing unharvested in the fields because the market is unable to absorb any more sugar or alcohol beyond the scheduled quantities.

In its turn, the National Alcohol Commission approved projects for the installation of new distilleries, basing their action much more on the graph constructed at the end of the decade of the 1970's than on the reality of the market for the two products derived from sugarcane--sugar and alcohol. According to the IAA, there are approximately 430 distilleries currently in operation with a total installed capacity of 16 billion liters, and 20 projects under construction that will be able to produce an additional 2 billion liters. The nation will accordingly have, within a short time, the capacity to produce 18 billion liters annually at a time when the domestic and foreign markets will probably be able to absorb no more than 12 billion liters.

Faced with the reality of these figures, the present government had no alternative other than to step on the brakes of PROALCOOL and mark time for a while. At the present time there are 200 new distillery projects that will have their study processes put on hold until the government decides to reactivate the program. Already in 1982 the National Alcohol Commission stopped approving any new distillery projects that called for government financing; since that time few projects have been approved, and they have had to be carried out at the expense and risk of the entrepreneurs themselves.

The technical experts of the National Alcohol Commission argue that the program--and the entrepreneurs participating in it--would be faced with far fewer problems today if sugar prices on the foreign markets yielded a profit, in which case these enterprises would be using cane to make sugar and would not be pressuring the government to use this raw material in the manufacture of more alcohol. In any event, the 450 distilleries now in operation or under construction will have to operate with unused capacity for several years, inasmuch as government projections indicate that the 18 billion liters of installed capacity cannot be totally absorbed by the market until 1990.

The IAA has not yet completed an evaluation of the loss to the sugarcane crop resulting from the drought that afflicted various producing regions. Some technical experts of PLANALSUCAR believe that this evaluation will be delayed further, because the most recent rains may have salvaged the sugarcane yield to a greater or lesser extent. Regardless of the size of the coming cane crop, however, the IAA estimates that alcohol stocks will total 1 billion liters at the beginning of the next harvest on 1 June 1986.

Oil Price Drop Poses Problem for Alcohol

Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 85 p 14

[Article by Rita Medeiros, of Brasilia: "The Program Was Launched When Brazil Was Paying \$35 a Barrel for Oil"]

[Text] In 1975, the year PROALCOOL was launched, Brazil was importing two-thirds of all the petroleum it consumed and crude oil was fluctuating on the market at around \$35 a barrel. Ten years later, the picture has changed radically. PETROBRAS is today producing, on Brazilian territory, more than half the volume of oil necessary for the nation's domestic supply--and the price per barrel has dropped to the \$20 level. Moreover, PROALCOOL is today an "irreversible and definitive program," in the opinion of the chairmen of the National Alcohol Executive Commission (CENAL) and of the National Council for Petroleum (CNP), respectively Ricardo Alves de Lima and Roberto Franca Domingues.

In the view of these two entities, which in recent days were in the forefront of a controversy over the administration of PROALCOOL and especially over the future orientation of the PETROBRAS alcohol account--the low prices for petroleum are not endangering the progress of the program. In the opinion of the CENAL chairman, "the threat that petroleum poses to alcohol is not a serious threat but does call for competitiveness." The CNP chairman agrees, and for the same reasons.

Both men, however, favor adjustments within PROALCOOL. Ricardo Alves de Lima--who is also secretary general of the Ministry of Industry and Commerce--believes that beginning with the next sugarcane harvest PROALCOOL must be oriented toward harmony between the fuel alcohol market and fuel alcohol production. The Interministerial Commission for the Evaluation of PROALCOOL--created 1 month ago by ministers Roberto Gusmao and Aureliano Chaves--has the task of submitting the principal suggestions for changes in the policy regarding anhydrous alcohol and hydrated alcohol. The CENAL chairman has in the meantime provided some clues as to what may be changed when the final report of the commission is delivered. He says that the lag on the part of alcohol in relation to the price of gasoline--whose differential is currently 65 percent--must continue to be evaluated, together with the effects of increasing the percentage of anhydrous alcohol in the fuel mixture and the impact of the incentives such as the exemption from taxes (the Single Road Tax and the Single Tax on Fuels, among other taxes). At the same time--the CENAL chairman says--both the CNP and the Sugar and Alcohol Institute (IAA) must act in concert with respect to setting the producer prices and consumer prices for anhydrous and hydrated alcohol, although he adds that the problem with the alcohol account--as confirmed in recent months by PETROBRAS--was not a problem of coordination between the two agencies.

The CNP chairman also agrees with this appraisal, and says that to solve this problem only more realistic price adjustments for gasoline will succeed in bringing the producer price for hydrated alcohol (2,235.52 cruzeiros) and for anhydrous alcohol (2,361.67 cruzeiros) closer to its consumer price, which is 2,030 cruzeiros. The difference between the two prices for hydrated alcohol is 699.48 cruzeiros and for anhydrous alcohol 186.72 cruzeiros. According to Roberto Franca Domingues, the deficits in the PETROBRAS alcohol account may continue if the difference between the two prices continues in the same ratio. In his opinion the government measures adopted last week--such as the measure to make payment to the producers for the PETROBRAS alcohol invoices on a monthly basis, and the reallocation to that state enterprise of an additional 1 trillion cruzeiros through the Special Secretariat for Control of the State Enterprises (SEST)--will only temporarily increase PETROBRAS' capacity for the purchase of alcohol.

IAA-CENAL Merger Proposal Being Readied

Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 85 p 14

[Article by Sergio Garschagen, of Brasilia: "Proposal for IAA-CENAL Unification Will Be Submitted to Sarney"]

[Text] Minister of Industry and Commerce Roberto Gusmao will within the next few weeks submit to President Jose Sarney a proposal for unification of the Sugar and Alcohol Institute (IAA) with the National Alcohol Executive Commission (CENAL).

According to MIC Secretary General Ricardo Uchoa Alves de Lima, who is also chairman of CENAL, the basic idea is to transform the two agencies--which deal with the same products but are in no way coordinated--into a third agency that will be "more dynamic, more competent, with a simpler and smaller structure."

13 January 1986

This new organ of the MIC is still without a name but will basically have the role of regulating the sugar and alcohol sector; planning crops for the medium term instead of on a yearly basis, as is the case at present; and setting prices for the producer while assisting the CNP in the formulation of the retail price lists for fuel alcohol. The new structure to be formed from the merger of the IAA and CENAL will also have a normative function.

PLANALSUCAR--the traditional technological development center linked to the IAA--will also undergo a change; it will be transformed into a foundation that will operate in close association with private enterprise in the development of new technologies for immediate utilization by the producers. Alves de Lima explains that those plants still in the hands of the IAA will also be privatized in proportion as the Bank of Brazil liquidates the debts contracted by the plant owners with the Institute, which will limit itself to administering sugar prices through the medium of its existing structure. The MIC argues that PROALCOOL was created in the midst of an oil crisis that demanded a typical governmental solution, namely the creation of an organ expressly designed to provide substitutes for petroleum products consumed in Brazil. This phase of CENAL has already passed, as the program--definitively implanted in the nation--is now entering its second phase: a phase which in the opinion of the MIC secretary general will be characterized not by the construction of new plants but by an increase in the productivity of the existing ones. This policy will permit more competitive pricing of the product on the domestic market together with lower prices for the export trade; sugar policy will be revised in response to the fact that the production of alcohol has upset the existing traditional market for sugar throughout the country. "Today," Alves de Lima says, "coordination is required precisely because the two products are closely interconnected."

Alves de Lima emphasizes that the government intends from now on to speak with one voice in energy matters, doing away once and for all with the different sets of data existing among the IAA, CENAL and CNP--a circumstance that has prevented the energy sector from providing the public with an accurate picture of the situation.

Alcohol-Powered Car Sales Up Sharply

Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 85 p 14

[Article by S. Stefani, of Sao Paulo: "Sales of Alcohol-Powered Motor Vehicles Take Off"]

[Text] Sales of alcohol-powered motor vehicles today represent 85 percent of the total domestic sales of the automobile industry. In the case of automobiles strictly speaking, the figure is even higher: around 95 to 97 percent. Not always, however, did alcohol enjoy such wide acceptance as an alternative fuel. There were times when the public image of alcohol-powered vehicles was so bad that PROALCOOL was almost rendered inviable. A great deal of discussion, and a patient and exhaustive effort, were necessary in order to regain its market.

In the beginning, when the program was launched, a dose of incentives for the use of alcohol as fuel--coupled with several whiffs of the fear existing at the time (the gasoline supply could have been endangered because of conflict in the Middle East)--ensured a rapid increase in the demand for vehicles powered by this fuel.

The technology then available for alcohol-powered motors was still in its infancy, however. The conversion of gasoline motors to alcohol produced frustrating results: the cars wouldn't start, they misfired and they consumed more than twice as much fuel as the original version. Even the automobiles that the automotive industry itself began to put on the market did not offer results that were much better.

The outcome of such a situation was obvious: after an exciting start, the progress of alcohol-powered vehicles came to an abrupt halt. Automobiles equipped with motors capable of functioning with this fuel began to clog the showrooms. Some motor customizers who had specialized in conversions began to go bankrupt.

It was a time of great controversy, of mutual recrimination. The alcohol producers complained that the automobile industry was not making the slightest effort to improve the cars. The assemblers, for their part, were complaining about the quality of the alcohol and alleging that they had advised the government that satisfactory technology was not yet available to them in this area. The government, for its part, countered that the automobile plants and the alcohol producers were equally to blame.

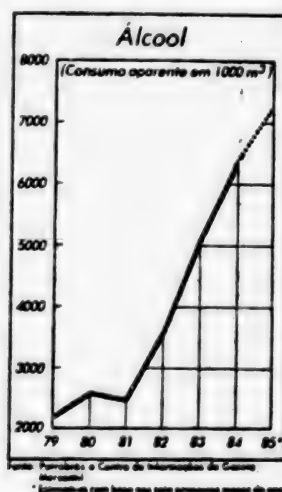
A meeting held at the headquarters of ANFAVEA National Association of Automotive Vehicle Manufacturers--the entity to which the assemblers belong--set out to solve the problem. At this meeting--which was kept secret for many years--representatives of the factories, the alcohol producers and the government itself came to the conclusion that the more they engaged in mutual recrimination the more they would harm the image of alcohol-powered vehicles.

The accusations ceased. Everyone began to praise the program, in an orchestrated posture that immediately began to yield good results. The quality of the alcohol did indeed begin to improve and the technology of the automobiles as well, while certain governmental incentives--including a lower TRU Single Road Tax and lower IPI Manufactured Goods Tax--provided the remaining impetus.

The program did indeed take off again. In practice, it proved ultimately to be a good way to help the automobile industry itself to begin to surmount the crisis of demand that had embittered the atmosphere since the beginning of the decade. Consumers who had been averse to replacing their cars began to replace their fuel.

There is still a long road to travel, however. In the category of trucks, for example, it has not yet been possible to sell many alcohol-powered vehicles beyond the confines of the plants themselves. Another area in which there will probably also be future changes relates to the ratio of alcohol-powered cars

to the total of automobiles sold by the sector. It so happens that alcohol-powered cars become truly efficient, in terms of fuel consumption, only when the motor is running hot: in other words, after the car has traveled several tens of kilometers without stopping. Unless a technical solution is found, this fact will probably--at some time in the future--cause those who do not use their cars much to begin to give preference to gasoline-powered motors.



Graph 2. Alcohol: Visible Consumption (in Thousands of Cubic Meters)

* Estimate based on the first 7 months of the year.

Source: PETROBRAS, and GAZETA MERCANTIL Data Center.

Producer Subsidies To Be Phased Out

Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 85 p 14

[Article by Sergio Garschagen, of Brasilia: "Subsidies to Producers May Be As Much As 33 Percent, the MIC Secretary Says"]

[Text] The Ministry of Industry and Commerce (MIC) has no reliable data concerning the existing subsidies on alcohol that is produced domestically, mainly in the Northeast. According to MIC Secretary General Ricardo Alves de Lima the largest differential paid to producers may be as much as 33 percent, but this will be possible to know only through an actual survey of the producer prices for alcohol at various localities in the nation.

Once it has reliable data, the MIC proposes to initiate a short- or medium-term program to gradually extinguish the existing subsidies. "These subsidies," the MIC secretary general said, "were created to compensate the producers during the development of PROALCOOL, but with the intention that they be

discontinued in due course and not go on indefinitely." This measure does not, however, mean a unification of alcohol prices throughout the nation, because one must take into account certain practical aspects such as average distances from producer to consumer; differences in the level of technological development among the producer states; and the potential of the consumer market.

After the merger of the IAA and CENAL, and with the completion of the in-depth investigation carried out by the interministerial commission, the MIC wishes to attain two other objectives that are regarded as basic by its chief: first, it wishes to make a radical change in the existing PROALCOOL system of marketing ("the fact is that production is based on current supply rather than on market demand, as one would expect"); and second (but no less important thereby), the MIC wishes to provide incentives for increasing the productivity of the distilleries. "Increased productivity," moreover, is one of the basic watchwords of the new industrial plan for Brazil now being formulated by the MIC. In this new plan, alcohol will be part of a more comprehensive and broadly-based energy policy and will no longer be dealt with in a routine manner, Alves de Lima explains.

The CENAL chairman admits that this increase in productivity--to be initiated with the future conversion of PLANALSUCAR into a foundation--will provide the conditions for Minister Gusmao to establish a market economy in the sector once and for all--an economy that will make it possible for some plants whose products are not competitive and whose management is deficient to be eased out of the market.

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CSO: 3342/48

BRAZIL

PETROBRAS PRODUCTION PLANS, STRATEGIES, PROSPECTS DISCUSSED

Sao Paulo VISA0 in Portuguese 13 Nov 85 pp 56-60

[Text] Between 18 and 25 November, about 5 billion shares of the Brazilian Petroleum Corporation (PETROBRAS) will begin to go on sale to the public through 10,000 bank branches throughout the country. The investor will be able to purchase a minimum lot of 1,000 shares up to a maximum of 5 million at prices per share to be announced on the eve of the issue. The subscription term will be for 30 days, with the investor paying 40 percent down, a 30 percent installment in February and another 30 percent in March.

The operation for the sale of the PETROBRAS shares will be conducted by 35 banks and financial institutions and the issue will be anchored by a broad publicity campaign coordinated by Mauro Salles that should cost 30 billion cruzeiros.

The timing of the issue is part of the strategy because it coincides with the payment of the 13th [bonus] salary and the larger personal income tax refunds. The time is also opportune in view of the attractions the stock market has been offering in terms of performance and return. The PETROBRAS issue seeks to repeat the success achieved by the Bank of Brazil last year and is an opportunity for a Brazilian to become a stockholder in one of the largest companies in the world.

According to the data in the 1985 "Who's Who in the Brazilian Economy" published by VISA0, PETROBRAS occupies first place among the largest Brazilian companies on the basis of sales, with sales of 26.8 trillion cruzeiros in 1984 (second place goes to PETROBRAS Distributor, with 7.8 trillion); fourth place among the largest companies on the basis of net profit before income taxes, with 1.3 trillion cruzeiros; and third place on the basis of net patrimony, with 15.5 trillion. It has a current liquidity of 1,00, indebtedness of 60.4 percent and yield on the patrimony of 7.7 percent; it has 53,000 employees.

In recent years, the company has been breaking successive production records, reaching 600,000 barrels per day for a national consumption of around 1 million barrels per day. The company's well-drilling strategy and the successes achieved in deep waters make it possible to envision Brazil's self-sufficiency in oil in a not distant future, an unimaginable goal at the time of the oil crises in 1973 and 1979.

What PETROBRAS Is Today

With a view to giving its readers a picture of what the company is today, VISA0 spoke to its president, Helio Beltrao; the assistant superintendent of operations of the Exploration Department, Murilo Marroquim de Souza; the director of the Exploration Department Wagner Freire; production director Joel Mendes Renno; and some of its technicians. They revealed PETROBRAS's plans and actions as well as its prospects.

PETROBRAS began a great race in an attempt to have Brazil achieve self-sufficiency in oil production this decade. The first strong signs of the existence of a huge field with reserves of 1.1 billion barrels emerged after the drilling of two wells in the Rio de Janeiro Campos Basin (1-RJS-305 and 1-RJS-219), finally confirmed by means of tests conducted through extension well 3-RJS-316 and concluded in mid-September.

However, the euphoria of the company's officials and technicians does not stop there. They acknowledge, though informally that, from the results of the tests still underway, the initial reserves recorded should exceed 2 billion barrels, distributed over one or more huge fields. To have an idea of the importance of these discoveries, the national oil reserves (offshore and land production) are approximately 2 billion barrels.

The definition of those discoveries will be possible the middle of next year when all the work done by the delimiting wells has been completed. In providing that information, assistant superintendent Murilo Marroquim de Souza added that delimiting wells RJS-328 and RJS-329 are being drilled and another one, RJS-330, will be drilled shortly, all of them in a sheet of water (the distance between the surface and bottom of the sea) of between 300 and 400 meters. According to Murilo Marroquim, in addition to those three and the ones already drilled, six more delimiting wells will be necessary in order to have a sure picture of the structure now investigated northeast of the Campos Basin; the reason being that the results appear more and more surprising, calling for a confirmation with a minimum margin of risk because of the large investments in production. In terms of the existence of oil, wells are considered to fall into three categories: proved, probable and possible.

Seismic Probe and the Gigantic Field

Exploration activities in the Campos Basin have never been as intense as in the last 12 months, centered basically in the northeast area. So much so that to gain time PETROBRAS resorted to tridimensional seismic probing, one of the most modern processes in oil exploration. The seismic probe data were processed in England and interpreted in Brazil. Murilo pointed out that the machine was leased from the British and the interpretation made by the technicians of PETROBRAS, which is going to purchase one of that type because it uses it more frequently, inasmuch as the company's physicists have already completely mastered the technology of handling that "station."

Thanks to the use of tridimensional seismic probe for 2 months, it was possible to greatly shorten the time in drilling new wells, which provided

valuable information. Murilo Marroquim noted that the results have been "unusual"; the same applies to the prospects. The 1-RJS-305 well, which indicated the possible existence of a field with reserves of 1.1 billion barrels of oil, is in an area of 100 square kilometers.

According to Murilo Marroquim, on the basis of world patterns, the preliminarily announced discoveries of reserves of 1.1 billion barrels represent a gigantic field. It is perhaps the greatest discovery off the Atlantic coast, thus the need to drill a greater number of delimiting wells in order to check everything very well. Efforts have not been spared to achieve those objectives, even in terms of investment, because each well costs \$4 to \$5 million.

With regard to the future possibilities of sufficient funds for the exploration and production of oil, the PETROBRAS expert stressed that he did not know whether or not there will be such funds but he is fully convinced of one thing: the complete economic viability of those investments. "For that very reason," he said, "I am also convinced that the nation will understand the effort that is being made by PETROBRAS in connection with our energy independence."

Investment and Return

The great doubts reigning within PETROBRAS have concerned the readiness of the government to appropriate the funds essential to oil exploration and production, especially the latter, which requires larger sums. The overall PETROBRAS budget for 1985 is approximately 12.5 trillion cruzeiros. Of that budget, a total of \$2.42 billion (19.36 trillion cruzeiros) was reserved for investments, of which \$2.08 billion (16.64 trillion cruzeiros) are earmarked for exploration, drilling and production. The budget was calculated on the basis of the exchange rate as of December 1984 or January 1985. According to the present exchange rate, it is already almost 100 percent out of phase, but PETROBRAS must have already effected its main expenditures for the current year.

PETROBRAS president Helio Beltrao announced that he is requesting funds from the government, totaling \$3 billion (24 trillion cruzeiros), for the company's investments next year. He stated that \$2 billion had already been invested in previous years. In justifying his demand, Helio Beltrao pointed out that PETROBRAS's programs call for the construction of six platforms for an additional production of 100,000 barrels of oil per day beginning in 1987. In his opinion, it is a national priority.

Thus far, PETROBRAS has already invested \$7 billion in the Campos Basin, which have returned fully, according to Beltrao. Obtaining oil involves large outlays. He complained about the losses the company has been sustaining with the purchase of alcohol at a price higher than that sold to the final consumer. There has to be a realistic price policy, otherwise, there is no institution that can sustain its financial soundness in these circumstances.

PETROBRAS announced that it is prepared to suspend the purchases of alcohol from the producers for at least 2 weeks to prevent an increase of its deficit, which on 30 September already reached 500 billion cruzeiros. That is due to the fact that alcohol is brought for 2,400 cruzeiros per liter and delivered to the consumer for 1,700, a difference of 700 cruzeiros less. These figures are prior to the latest increase of fuel prices, which occurred on 17 October.

By virtue of legal provisions, PETROBRAS is committed to buy from one-seventh to one-ninth of the alcohol produced in the country. For that reason, it now has a stock totaling approximately 1.4 billion liters. In the meantime, according to an industrialist from that sector, because of a lack of alcohol purchases by PETROBRAS, there is a stock of about 3.5 billion liters of alcohol building up in the alcohol manufacturing park.

Sales Forecasts

PETROBRAS's sales forecasts for this year run around \$19 billion (190 trillion cruzeiros) for the domestic and foreign markets. But even so, it does not have the freedom to spend what it believes to be necessary. The director of the Exploration Department, Walter Freire, stressed that the company is self-sufficient in funds but the government does not leave it free to invest. The work in deep waters requires large sums, especially with reference to the recent discoveries.

Referring to the northeast pole of the Campos Basin, he pointed out that exploration has barely begun and there is a probability of a good level of reserves. There are technological challenges but the great objective is to maintain an increasing level of production. Brazilian reserves are sufficient to meet demand for only 12 years; however, during that period it is possible to obtain more reserves. The example is there in the new discoveries in the Campos Basin, with reserves estimated at 1.1 billion barrels (and the recovery of 400,000 barrels). If those reserves are confirmed, probably upwards, that time period will be increased substantially. For example, U.S. reserves have been maintained for a demand of 8 years but there are always new discoveries.

The Challenges of Production

PETROBRAS is preparing to face the challenge of producing oil in very deep waters, over 300 meters deep, where it located large accumulations of hydrocarbons. At the present time, it is studying six principal systems of oil production in the Campos Basin. The technical investigations that will be answered most quickly center around the advance production system of Pirauna, which extracts oil in water 383 meters deep (well 1-RJS-284). The oil is brought to the installation--SS-18 semisubmersible rig--by flexible lines extended a distance of 6 kilometers. What the PETROBRAS technicians are examining closely is the possibility of bringing the oil to the rig a distance of 10 to 20 kilometers without the need for secondary injection.

PETROBRAS production director Joel Mendes Renno said that the technology of production based on reservoirs located in sheets of water up to 500 meters deep may be considered as having been practically mastered. For water depths between 400 and 500 meters, the possibility has been studied of using a hybrid system consisting of a submerged fixed platform 200 meters high on top of which the wells would be completed, therefore remaining within the range of saturated diving operations.

Between 500 and 600 meters, continued Joel Renno, the use of towers is the solution that has been studied in greater detail. The adoption of that alternative is recommended only for high-production fields because of the large

investments required. Unlike the jackets, the towers are quite flexible, accommodating structures. In accord with that idea, there have emerged three different concepts: a guyed tower, jointed tower and flexible imbedded tower. Through its research center, PETROBRAS, together with 14 other international companies, is participating in the project of an imbedded tower called Gamma Tower. The project has in view water 600 meters deep and the initial estimate of the total weight, including the piles, is 57,000 tons.

An international consortium also studied the project of a conventional jacket for water 490 meters deep, which resulted in a weight of 70,000 tons of steel. PETROBRAS is cooperating in that project.

Another solution that is being studied by PETROBRAS technicians for water 500 meters deep and over is the IMFP system, the main characteristic of which is the capability to store 100,000 barrels of oil. The company is analyzing the main characteristics of the project, which is in the development phase.

Ship in Production

Another project being evaluated is the ship called PTS, with a capacity to produce 50,000 barrels of oil per day and store 160,000 barrels, operating in water up to 650 meters deep. The first PTS, purchased by a Norwegian group with a view to being installed in the North Sea area, is in the construction stage in Japan.

Following the account about the various types of equipment being studied, Joel Renno stressed that on the basis of the results presented by well 1-RJS-219 in water 853 meters deep, the study of solutions that permit production in water over 600 meters deep became important for PETROBRAS. Starting at that depth, floating units are the only ones as of now considered appropriate to serve as stationary headquarters for the production equipment.

The director of PETROBRAS explained further that, based on available data and taking into account the rapid progress in the area in recent years and the joining of efforts to develop it, one can foresee that by the end of this decade or the beginning of the next, a technology appropriate for the production of oil in deep waters will have been developed.

Support for National Private Groups

With regard to the SS-18 submersible rig of the advance production system of Pirauna, it can be built in Brazil for \$80 million with a nationalization index of 99 percent. Joel Renno revealed that there are about seven leased advance system installations, most of the leases being paid in cruzeiros. The per-day rental for each of those installations (operated by the locators) is \$20 to \$25 [as published].

The lease contracts begin to expire next year and PETROBRAS already has a technical group studying the possibility of purchasing the installations and turning over their operation to national private groups, creating a new, important activity for them. Due to the wear and tear that has already occurred, the cost of each installation would be around \$60 million. There are

national companies that have already expressed an interest in operating those installations, beginning in 1986.

In the meantime, according to Renno, PETROBRAS will continue to work intensively to confirm the already announced discoveries of oil reserves of 1.1 billion barrels. The ship NS-19, the "Ben Ocean Lancer," leased from an American company, is in the area where that work is being carried out northeast of the Campos Basin, drilling delimiting well RJS-325 at a depth of 700 to 800 meters of water.

In keeping with its objective of developing its capability in terms of oil exploration and production installations, at the end of September PETROBRAS signed a contract for the construction of three of the seven platforms it will need for the northeast pole of the Campos Basin, where it plans to produce a volume of 90,000 barrels of oil per day toward the end of 1989. The agreement was signed with the Setal, Ultratec and Techint companies, which will receive the sum of 308 billion cruzeiros for the construction of the platforms.

The Systems in Operation

Beginning in 1977 and until now, 28 production systems were conceived and put into operation in the deep waters of the Campos Basin. Ten of them have been deactivated and 18 remain in production. Among the 18 systems in operation, seven are installed on fixed platforms while the other 11 are advance production systems.

In the development of the advance production systems, PETROBRAS gained experience in the installation and operation of processing plants on fixed platforms, self-raising platforms, tankships and semisubmersible units.

As a result of the adoption of that policy directed toward the Campos Basin, it is Joel Renno's belief that the oil-bearing territory has an oil reserve today of 184 million cubic meters (1.16 billion barrels) and gas reserves of 31 billion cubic meters. Oil production is currently around 368,500 barrels per day. Gas production amounts to 5.2 million cubic meters per day, 74 percent of which is already being utilized: 850,000 cubic meters per day are consumed on the spot and 3 million cubic meters in the Rio de Janeiro area.

The oil wells operated in Brazil by PETROBRAS, already total 4,100, yielding a production of 601,000 barrels per day: 172,500 on land and 428,500 offshore. National consumption currently is around 930,000 to 940,000 barrels per day, but in August it reached 1 million barrels.

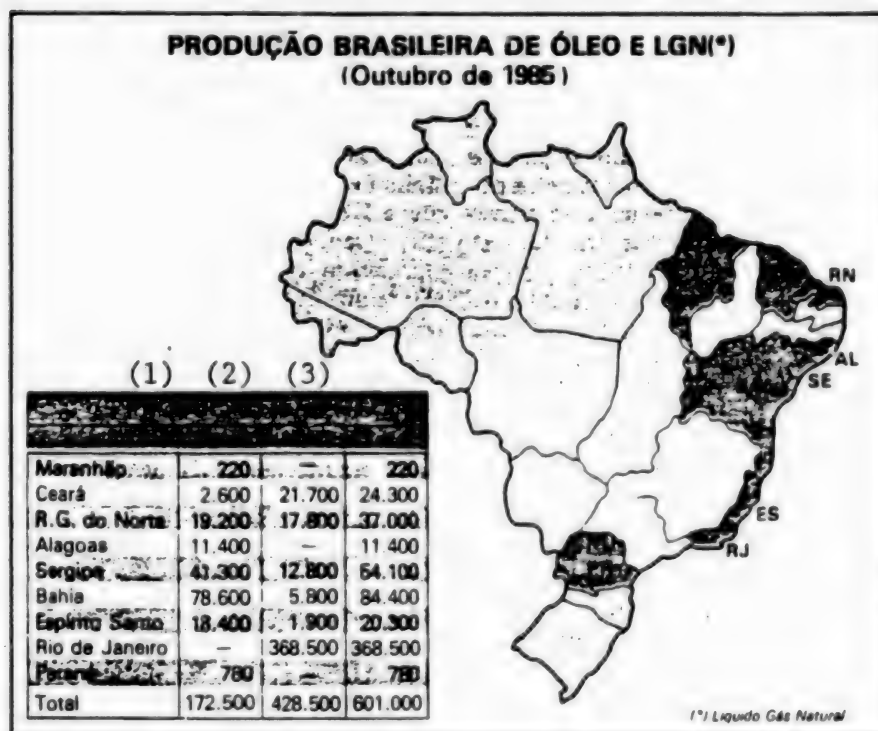
Definitive Production System

(Campos Basin)



Brazilian Oil and Liquefied Natural Gas (LNG) Production

(October 1985)



Key: 1. Production in bbl per day 2. Land 3. Offshore

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CSO: 3342/41

CHILE

GENERAL CANESSA REGARDED AS 'INDISPENSABLE' TO PINOCHET

Santiago QUE PASA in Spanish 24 Oct 85 pp 18, 19

[Commentary by Grace Gibson]

[Text] "A possible replacement of General Benavides is being studied."

The news did not create a sensation. Hurriedly, the DINACOS [National Mass Media Directorate] bulletins categorically denied the reports to the point of making clear that "the general is performing his high-level duties as usual." Naturally, even though the press is said to be annoying, the denial did not mention Benavides' illness...

The news coupled with another situation within the army. A few days earlier, there was a release of the list of generals that had gone into retirement, the new designations and names--some of the better known, such as Vidal, Valdes, Puga and Sinclair--about whom it was said that their final status would be announced later.

It is true that prior to 11 September 1973, the designations of the army high command did not cause much concern among civilians. At this time, however, the situation is much different. Obviously, with the military making up the government, the matter has a bearing on the administration. Thus, Sinclair is not only a military man, but also the general-secretary minister of the Presidency... and for a long time now. From this point of view, it is well, therefore, to get better acquainted with the machinery that determines designations, retirements and transfers to the army "complementary roster."

Changes and Castling

At the end of the second stage of the Army Superior Officers Qualifying Board--composed of 51 generals plus President Pinochet--it was decided to approve the retirement applications of Brigadier Generals Jorge Dowling, Sergio Perez, Gustavo Rivera and Mario Ramos. It was also stated that the designations of Major Generals Enrique Valdes, Santiago Sinclair, Cristian Ackerknecht and Rene Vidal would be announced soon. All of them, except Sinclair, have already been replaced in their posts (see box). The reason for their situation will be determined "later on," according to a source,

because these generals will complete the prescribed term in the organization --40 years of service--at the end of the year. The most probable thing is, therefore, that Sinclair will be confirmed in the General Secretariat--going on to qualify in government duties--while the rest of them will have their retirement applications accepted.

Another alternative could also arise here in the "command sequence." And that is that if General Benavides were relieved or were to resign from his position in the legislative branch for any reason, there would immediately be "two vacant posts." The first, in the Ruling Junta, most probably would be filled by the general next in line in terms of seniority--deputy commander Julio Canessa. And thus the second vacancy would occur; the post that Canessa would supposedly vacate could be occupied by one of these three men: Major Generals Santiago Sinclair, Enrique Valdes Puga and Rene Vidal. All three--fully trusted by the president--have their good and bad "points." The most evident case in point is that of Sinclair, who has been out of touch for a long time because of the duties he has performed, although, naturally, he is otherwise very close to Pinochet.

It is not a situation where the general corps will ask for his "retirement" whenever it comes to mind. After 30 years of service--which generally equates to the rank of colonel--everyone must submit the retirement dossier for the Qualifying Board to study each case and make a decision. In this fashion, a draft is created in the chimney. Basically, the causes of retirement arise from the fact that the officer has served 40 years in the army. As to promotions, certain conditions stipulated in army regulations must be met.

How the High Command Grows!

In the 1950's, the general corps consisted of only 18 persons. At present, it adds up to 52, including the army commander in chief. The explanation is found in the sustained increase of posts entailed in the reorganization of the internal structure of the army, which classifies officers as "line" or "service." Others stated that high command was formerly attained under the same requisites as at present, but the decision also depended in some measure on the president of the republic. The increase would be due, therefore, to the fact that the president is also the commander in chief, and he needs to surround himself with the most loyal of his collaborators.

The truth is that the armed forces have substantially modified the norms and regulations. The DFL 1 of 1968, which abridges the internal provisions of the army, contains more than 300 revisions in its articles. Among them, there stands out the revision of Article 9, announced in the DIARIO OFICIAL [OFFICIAL DAILY] in 1978, which established the rank of lieutenant general of the army. At present, only two persons carry on their shoulder straps the four stars which denote the rank: Benavides and Canessa.

General Benavides' situation in the army is clear: he is outside the chain of command, but qualifies in government duties as a member of the Junta. The same applies to General Gordon and Santiago's Mayor Osvaldo Hernandez.

The case of Lt Gen Julio Canessa Robert, who currently is the deputy commander in chief of the army and the senior general after Benavides, is different.

Canessa belongs to the class of 1943. He has been in the army more than 40 years, hence he should have been retired from the service 3 years ago according to the usual regulations.

In his case, a law that confirms him in his position is proclaimed in the DIARIO OFICIAL every so often--the last time was last year. That is what has been termed the "Canessa law," and which, on the other hand, has helped to characterize him as "one of the president's indispensable men."

But that is not all. A clause was also added in 1977 to Article 68 of the aforementioned DFL 1. It set forth, in general terms, that armed forces commanders in chief could delegate part of their military powers to the chiefs of the service staffs, who will exercise them in the capacity of deputy commanders... that is to say, Canessa at the present time.

Finally, it was in 1981 when the ranks of major general, brigadier general and captain general made their debut.

[Box, p 19]

New Designations in the High Command

Maj Gen Jorge O'Ryan Balbontin, Chief of Army General Staff (Replaces Maj Gen Enrique Valdes Puga)

Maj Gen Manuel Barros Recabarren, Army Inspector General (Replaces Maj Gen Cristian Ackerknecht San Martin)

Brig Gen Alfredo Calderon Campusano, Army Personnel Director (Replaces Maj Gen Manuel Barros Recabarren)

Brig Gen Carlos Meirelles Muller, Commander in Chief of 1st Army Division

Brig Gen Carlos Ojeda Vargas, General Commander of the Santiago Army Garrison (Replaces Maj Gen Rene Vidal Basauri)

Brig Gen Jaime Gonzalez Vergara, Commander in Chief of the 5th Army Division

Brig Gen Rodrigo Sanchez Casillas, Commander in Chief of the 7th Army Brigade

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CSO: 3348/150

CHILE

PRESIDENT DISCUSSES NATION'S FUTURE, POSITION ON MARXISM

Santiago COSAS in Spanish 5 Sep 85 pp 6-9

[Interview with President Augusto Pinochet by Monica Comandari; date and place not given]

[Text] He gave me the impression that he is absolutely certain that his government will survive intact until 1989. And after that date, he warns that the country will definitely remain under the provisions of the 1980 Constitution. However, he is aware that one sector of the citizenry wants his withdrawal from power. To this he says: "The opposition wants power. But on the day I leave it will be in a way fitting for a man who has been sacrificing himself for the good of Chile."

Impeccably dressed in navy blue, he met with this COSAS reporter in his private office. In the course of a smooth-flowing conversation, with its ups and downs in tone of voice, we dealt, roughly speaking, with the country's questions. The president, ironic at times and irritated at others, but with the certainty which is his characteristic, answered all questions.

"So the government has fallen, you say?" he said to me.

"No, Mr President, that is what is said in the streets."

"They have been saying the same thing for 12 years now. What is happening is that some politicians want to return to power. But they forget that there is a large mass of loyal people who are on the side of their president," he responded.

The Plebiscite

[Question] In recent days much terrorist and violent activity has been reported. Apparently what is sought is to bring the government down. What can you say about this?

[Answer] Do the people want the government to fall? Do the citizens want to bring the government down?

[Question] What do you think? Why is there no plebiscite?

[Answer] What you refer to is not possible now, because the constitution does not provide for it.

[Question] What are the political errors your government has committed?

[Answer] There are many, just as good things have been done.

[Question] What, in all that is bad, pains you most?

[Answer] That there has been little communication. Public opinion should have been more motivated. It should have been kept more active. This was not done out of economy. We have been very honest.

[Question] What do you call motivating public opinion?

[Answer] As in all countries which have a democratic or authoritarian government, an effort is made to inform the public of the work done.

[Question] Have you never thought that your government is a dictatorship?

[Answer] This has never been a dictatorship. Never. I tell you that this is "smooth talk," and always has been. The country has lived under the empire of law. There is freedom. There is participation. The authorities, both civilian and military, are subject to the law. For example the mayors, for some time now, have been civilians, with few exceptions. What would have been thought if only military officers had been installed as mayors throughout the whole of the country, and if the neighborhood councils had been managed by retired military officers, and the press had been controlled, etc.?

[Question] The press was recently controlled....

[Answer] This is not the control a dictatorship exercises. This is only said by those whom it suits to present it thus.

[Question] What is the characteristic which in your judgment is typical of the opposition politicians?

[Answer] Ambition, without limit or measure in some cases. In addition, they have lost their paid activity, and they want to recover it. In others, lack of principle.

[Question] According to you, what would be the greatest injustice the citizenry could commit?

[Answer] The greatest injustice is to accuse the government without thinking first whether all of the evil comes from this government or dates back years.

[Question] However, it is obvious that there is serious unemployment and lack of money....

[Answer] This is something temporary, and the unemployment level is falling. Now with regard to the lack of money, we are seeking solutions. For example, we will provide a bonus for the patriotic holidays, and another is planned for the end of the year.

[Question] Some economists maintain that it is more useful to increase the inflationary level.

[Answer] Life is strange. When we suffered from inflation they protested it. And now they are asking for inflation. I believe that they will never be content, but the greatest scourge is inflation.

[Question] What is your interpretation today of the statement made by Admiral Merino to the effect that "we arrived together and we will depart together," when in fact only you and the admiral himself remain of the original members of the government junta?

[Answer] I do not know what the admiral meant. It may have been a reference to the iron unity of the institutions.

[Question] Are you or are you not an advocate of a designated congress?

[Answer] I cannot justify an appointed congress, because this would not change what exists, which is a technical body for the study and drafting of laws. On the other hand, the congresses must be elected by the people so that the citizens will feel that those for whom they vote, and who probably do not even know them, represent them in this activity.

[Question] And who represents the people today?

[Answer] I have already said that the representation of the people is found in a technical legislative body, the government junta.

[Question] And what about the people who do not identify with it?

[Answer] That is their problem. But it is all a question of considering how the politicians represented them before.

[Question] Will the political laws be completed before 1989?

[Answer] They will be completed in the middle of 1988, or at the latest, at the end of that year.

Possible Succession

[Question] If, hypothetically, something should happen to you, who would become chief of state? This question arises because of the accident suffered by your entourage during your recent trip to the southern zone.

[Answer] Temporarily, the post would be assumed by Admiral Merino.

[Question] And would an election then be held?

[Answer] No. The constitution would be implemented. The pertinent provisions are found therein.

[Question] What would you say to those who maintain that your anti-Marxism is only a way of staying in power?

[Answer] My answer would be that they think like opposition politicians. But my anti-Marxism dates back more than 40 years. I contemplate it on a daily basis, and I am ever more persuaded that Marxism is a blemish which makes man into a slave, as he was in the past, and that currently, and regrettably, it dominates the world. This is the most serious thing. Some of the democratic countries do not realize how much ground they have been losing. For example, since World War II, half of Europe has been lost and the rest has been left with the communist epidemic. These countries have the virus of Marxism deep within them. It is only a matter of reading the newspapers and magazines.

[Question] Don't you believe that you are doing Marxism a service with your attitude?

[Answer] How can I be doing Marxism a service? They say this. But do you believe that Marxism works better when it is controlled than when it is free?

[Question] I believe that when one works secretly....

[Answer] Those who study Marxism will realize how complicated life becomes when it is controlled. If it were not thus, do you not believe that they themselves would ask to be excluded from the political life of the country?

[Question] With whom in the democratic opposition would you be prepared to talk?

[Answer] I do not know whom you call the democratic opposition, but I talk with anyone who asks to see me.

[Question] Would you invite them to lunch with you?

[Answer] No. I invite my friends to my table. But I would give them a hearing when their turn comes.

[Question] Do you feel supported by the government team in all your decisions, or do you believe that your instructions are not properly carried out?

[Answer] I believe that I have absolute support in everything, and the team properly interprets the decisions of the government.

[Question] Do they inform you of what is happening in the streets?

[Answer] Yes, there is a study of the general picture every day, not only in this city but throughout the country.

[Question] Are you aware of the unease which is felt in the streets? There are people who say: "The government has now fallen. What will happen?"

[Answer] These are rumors which are spread by some ruthless individuals, but who told you that the government has fallen? The question I would ask is, do you believe that a government which has not played all its cards has fallen? Do you believe that this wave of rumors spread by evil-minded opposition members has any basis? I believe that there is evidence enough to think the contrary.

Concerning 1989

[Question] Will you write the history of your government?

[Answer] No, it will be history itself which will set forth the record, not I.

[Question] Do you feel that your position in power is firm?

[Answer] I have always felt that, despite the fact that my enemies have been pushing me out ever since 11 September 1973.

[Question] Will you remain in power until 1989?

[Answer] Yes, I have decided to do so. I have decided to implement all of the precepts established by law and the constitution which should be implemented.

[Question] Is there anything which could change your political plans?

[Answer] They could become impossible, but I pray to God this will not happen.

[Question] Despite the protests and the politicians in the opposition?

[Answer] Yes, despite them. Look, when we planned the 1973 movement, I told my officers, as they recalled some days ago: "Look, if the problem does not lie with the military, we will win despite their weapons. The problem is that many politicians will join together when they find themselves without jobs, and we will often see the Marxists in league with their present political enemies, with those in the opposition, whom they have previously scorned. This is the ethic they call politics." And now, events have proved me right.

[Question] What do you plan to do after 1989?

[Answer] I have not yet thought about it. In 1989 I will think about what I am going to do. Many things could happen.

[Question] Would you run again as a candidate for the presidency?

[Answer] I have never said so. The people will elect their leader. It is for them to say.

[Question] But there is a part of the country which is tired of your government.

[Answer] If they are tired, then let them find someone else. But what they should remember is that some years after they pushed General Ibanez into political action, they raised a cry against him. Now the situation is different, there is a monster called Marxism-Leninism. It is active and these people hope to return to power. Therefore the country should be protected against the communist threat. I say this now, for later there will be no way out.

[Question] And in such a case would the armed forces not intervene again?

[Answer] It is a certainty that the communists would try to destroy the armed forces and the forces of law and order. It was the armed forces which saved Chile from Marxism, and I say this with all sincerity and honesty.

[Question] But don't you believe that it is negative to limit everything to Marxism? There are other democratic sectors....

[Answer] The fact is that the democratic sectors are easy prey for communism. I have been anti-Marxist for more than 40 years. The people have not studied Marxism. They do not know what falsehood and deception this ideology represents. The people are enthusiastic because they see a marvelous point on the horizon, but they are never going to reach it. This is a struggle between two ideologies--Marxism against freedom.

In this struggle the communists have every resource for winning. They have the communications media, economic means, they make use of religion, etc., and they are waging this struggle and advancing, even though it takes a hundred years, because in their strategy, time does not matter. It is a question of reading Lenin, the manifesto of the, and many books of Soviet origin. Marxism is struggling to liquidate the bourgeoisie. When it disappears, then all the problems will end, they say. In other words, it is a war on a world level, and it is for this they are fighting. It is not only a battle here among the people of Chile, but one on the world level. And the fact is that this country has been the only one in the world which has struggled free of them, and that is the reason for this hatred of Chile. There is a need for the true democrats to gain a real awareness of this danger. It is for this reason that I am persistent.

[Question] But the opposition thinks....

[Answer] Let the opposition think more profoundly, because it sees the short-term problem. And it believes that if this government is changed into a certain other system, a world of marvels will develop. It is a matter of

looking at the world, and not so far at that, to see what is happening elsewhere.

[Question] Do you see the possibility of reaching an understanding with the opposition, of agreeing on a mixed government until 1989?

[Answer] The problem is very simple. The opposition wants power. It wants me to leave. I am well aware I am an obstacle, but I am fighting for my country so that it can consolidate its freedom and so that our children will not be slaves. It is for this that we have sacrificed ourselves for 12 years for Chile. The constitution, which was approved by a majority, was duly established and will be implemented.

President Agrees With Buchi

[Question] Is there some way of resolving the economic situation?

[Answer] I hope that we will have the opportunity to improve the entire economic aspect, and it is for this reason that we are pressing now, in order to have a better result sooner.

[Question] What will happen to the people who cannot pay their debts now?

[Answer] They will renegotiate their debts.

[Question] Are you prepared to renegotiate everyone's debts?

[Answer] Those of all the people who can keep their promises.

[Question] Why do you like the Chicago boys so much?

[Answer] What do you mean so much?

[Question] Well, Minister of Finance Hernan Buchi is a Chicago boy....

[Answer] That is not so. Minister Buchi is a technician, 100 percent.

[Question] Do you agree with the actions of Minister Buchi?

[Answer] I do. If not, what he has planned would not be under way.

[Question] Mr President, broad sectors of the nation are asking how long we will continue with the program of the Chicago boys?

[Answer] The only program being pursued here is that of the government, that which has been adapted to fit the real economic situation, but always within the social market economy.

What People Think

[Question] Mr President, the people believe that political ambition is what keeps you in power.

[Answer] I thought of retiring 10 years ago. What ambition can I have? My only ambition is to serve Chile and prevent it from reverting to 10 September 1973.

[Question] Is there nothing you fear?

[Answer] I fear nothing. I am a soldier. All that I have done is for the good of Chile. Remember that in 1973 and 1974, there were thousands of weapons in the hands of the extremists in Santiago. If the armed forces had not intervened, it would have meant a massacre for all of those who are now shouting in opposition. The politicians who are soliciting protests from the young men of 25 or less, in other words those who in those years were only 12, 10 or even 5 years old, are very clever.

[Question] They are those at the universities today.

[Answer] Yes, they are the boys who saw nothing, who did not understand the problem. The communists have a timeless strategy. What interests them is the goal.

[Question] What do you think of the fact that Judge Jose Canovas has disqualified himself again?

[Answer] The military judge must study the case. Once this has been done, the case will be in his hands, or it will be sent back again to Judge Canovas. And if there is a jurisdictional conflict, the Supreme Court would have to resolve it. There is no opinion needed about this proceeding.

[Question] Do you want to carry it through to the very end?

[Answer] I want to have the case clarified, because it falls within a context about which I have been speaking for some time now. In this situation, there are also those cases in which people have died because of extremist violence, including all of the martyrs to terrorism, remembered by no one, many of them having died trying to save innocent lives by defusing explosive artifacts. They gave their lives in this effort, and this has not been given the same attention as other cases by the religious gentlemen and some sectors of the community.

[Question] Do you believe that indifference is developing with regard to the terrorism and subversion sponsored by international Marxism?

[Answer] No, awareness of the seriousness of terrorism and the repudiation of violence as a political method are basic parts of the thinking of the vast majority of our compatriots.

[Question] How would you answer those Chileans who feel insecure because of the terrorism and violence which is developing in the country, and which is being investigated by the courts?

[Answer] That they should have confidence in justice and in the proper actions of the authorities in combatting violence.

[Question] Do you believe that General Mendoza should have resigned earlier?

[Answer] The attitude adopted by General Mendoza can only be regarded as an act of loyalty to his institution and the government, that is to say an act of patriotism.

Saying "Enough" Does Not Suffice

[Question] The country cries out with poverty. What methods could you use to find new sources of work, to eliminate the extreme poverty affecting all sectors of the economy?

[Answer] You seem unaware of what has been done to deal with this extreme poverty. You also seem to be uninformed about the variety of specific projects being pursued to the direct benefit of the most needy. Our concern with poverty has had priority and has yielded effective results. You should look into and learn about them.

[Question] Wouldn't it be better to reduce the economic and social tensions the country is experiencing, and which for many are reaching an explosive point, rather than being so reliable in paying the foreign debt?

[Answer] The level of pragmatism the situation demanded has been observed. But you cannot urge that pragmatism become irresponsibility! This would in the short run create much more serious problems than those we are seeking to resolve. It is a question of looking outside Chile, and you will have your answer.

[Question] Although Chile respects its international economic commitments, the image of your government continues to be poor on the world level. Why then do you not say "enough," as President Alan Garcia of Peru did, in order, in exchange, to win domestic support in the country?

[Answer] The initial premise of your question is in error. Our international image is a far cry from the term you use so categorically. Experience shows that saying "enough" in this way never suffices, and those who do this rapidly retreat to accept other impositions.

[Question] Do you think that the votes in the General Assembly of the United Nations will again be adverse to your government?

[Answer] For a long time I have been maintaining that the United Nations has been politicized. Given this situation, what else could be expected of it? But the struggle is indeed on the world level, and Russia will use every means, wherever it can, to attack this country which defeated it and forced it from its territory on 11 September 1973.

[Question] Why do you not attend the United Nations, since it is the highest world political rostrum and would allow you to display what you call the real image of your government?

[Answer] Because I am concerned about my compatriots and their problems. And because the real image of the country and the government are not displayed by speeches at the United Nations.

[Question] Do you not believe that the United Nations General Assembly is an excellent framework in which you could issue a summons to international Marxism, with representation by numerous chiefs of state?

[Answer] I am not interested in appearing to head a world anti-Marxist campaign. I am interested in eliminating Marxism from my country and working against it as far as it affects Chile.

[Question] What importance do you assign to this meeting, in view of the fact that this year the 40th anniversary of the institution will be celebrated?

[Answer] The same as I always have.

Attitude Toward Church Actions

[Question] What do you think about the intervention of the Catholic Church in the political life of the country, with regard in particular to the role of the chief of state?

[Answer] It is not for me to describe the role the church plays in political life, but I would recall the words of Jesus: render unto God the things belonging to God.

[Question] How do you interpret the participation of Cardinal Juan Francisco Fresno in rallying the political parties for the transition to full democracy?

[Answer] I am concerned that he may be used, with the tremendous harm this would mean to his high office and to the church in general, and the believers in particular.

[Question] Are you distressed or indignant about the petition drafted concerning your resignation by Bishop Camus?

[Answer] Neither one. I found it regrettable. I have expressed no view about his inclinations.

[Question] What would be required for you to talk personally with the leaders of the political parties?

[Answer] To wait for the promulgation of the law giving life to the parties, so that their leaders will have a truly representative nature, since now they are but summit groups with no base of support.

[Question] Is it in fact your idea to structure civilian support of your government through the National Advance Post?

[Answer] The idea is not mine, because there has always been civilian support. Now then, civilian support of the government is evidenced in different and most varied ways. What cannot be prevented is support of their president.

[Question] What would the National Advance Post mean as a political ideology?

[Answer] Ask its leaders. I have said that it is a group with citizens' participation and support, but I have been given no text stating its ideology.

[Question] You have said that you would not retreat and surrender the country to the politicians who provoked the 1973 crisis. To what politicians, then, would you be willing to surrender power?

[Answer] The citizenry will decide when the time comes.

[Question] Opposition sectors, and even supporters of the government, say that the constitution requires certain reforms. This has even been stated by former members of the State Council, such as Francisco Bulnes. Under what terms would you agree to carry out such reforms?

[Answer] I believe that Mr Bulnes, who merits the respect of the government, which he has served and is serving today in the COPEC [Chilean Oil Company], is ill-informed. Now then, prior to reforms it seems to me desirable to achieve the full effectiveness of what one wants to amend. Before amending the law it must be implemented, because one amends what is in effect and functioning. The reforms some urge are designed to prevent the effective functioning of the institutions or mechanisms they claim to alter.

[Question] How do you see the country in 1989, in political terms?

[Answer] With this presidential period ending, with the constitutional laws approved, and the beginning of another period, one with a congress, as the 1980 political constitution provides.

[Question] How would you define the period through which Chile is passing?

[Answer] As one of overwhelming importance, with the consolidation of its institutional system in full swing, representing a great challenge for all Chileans.

[Question] Why was the publication of an interview with an MIR [Movement of the Revolutionary Left] leader, Andres Pascal Allende, and Communist Party Secretary General Luis Corvalan, allowed, while on the other hand the publication of the thinking of those who urge a peaceful path toward democracy in Chile is limited?

[Answer] It seems to me that there is varied political reporting in the country. Read the daily newspapers and the magazines, and even consider your own publications!

[Question] What did you mean when you said that in this country, "the only one who can rebel is myself"?

[Answer] You mention only the answer, without quoting the context, which was all of the questions posed by journalists about the rumor of a coup d'etat. My answers were various, and one of them was what you quoted, and this was because the idea of a coup d'etat is absurd.

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CHILE

UNIVERSITY OF CHILE RECTOR ON STUDENT UNREST, ELECTIONS

Santiago EL MERCURIO in Spanish 20 Oct 85 p D-1

[Interview with Brig Gen Roberto Soto Mackenney, rector of the University of Chile; date and place not given]

[Text] Some say that if he had been the first rector delegate instead of the seventh, the University of Chile would have known another fate, all things considered. But the fact is that the university is experiencing student, academic, budgetary and even police problems.

"Let us begin with what is most controversial."

"Wherever you like," he amiably responds.

"Forgive me," "As you like," "Of course": These are expressions the general uses constantly. And indeed, he looks so comfortable in the office of rector of the University of Chile, so sure of himself and humble at the same time, that it is as if he had been there his whole life, as if he had not arrived with the controversial title of "rector delegate."

Roberto Soto Mackenney, 52, married to Norma (Noni) Murua, one son a second lieutenant, the other a cadet, and his daughter Claudia married to a civil engineer ("I hope she will soon make me a grandfather"), is about to be promoted to the rank of major general.

He has the rare virtue of knowing how to listen and also seems very tolerant. Without any commanding tone or authoritarian gestures, he speaks so softly that one has to make an effort to hear. And yet, logically enough, he is at the very center of lively debate that goes beyond the university sphere and extends to the national scene.

Controversy

[Question] Let us begin with what is most controversial.

[Answer] Wherever you like.

[Question] Obviously, the most widespread aspiration in the university, among students and professors alike, is the end of the rectors delegate. Why is this system continued?

[Answer] That is not a political decision that is mine to make.

[Question] Nevertheless, do you not believe that after 12 years, it is time to return for a return to normality?

[Answer] More than dates, it is phases that we have to complete. When the university consolidates certain situations, the time will have come to have rectors as we once did in this university. I cannot speak of others.

[Question] What would have to happen so that the professors and faculty would have the right to participate in the election of the rector?

[Answer] First of all, there has to exist a proper, reliable academic hierarchy, handled by the faculty itself.

[Question] How do you view the experience of institutions that have exchanged military rectors for civilian rectors?

[Answer] I am not well acquainted with what is happening in other universities, but in this one, since Andres Bello was appointed, the tradition has been that the president of the republic names the rector.

[Question] But on the proposal of the faculties. It used to be the full faculty that gave a list supplied by voting.

[Answer] Yes, and so it is stipulated in the university statutes now, but it is now superseded, during this transitional period of the enforcement of the constitution, by the decision of the president, who asks the board, through a supreme decree, that a list be proposed in order to name the rector. He is not forced to go by it but he may, if he so chooses.

[Question] You were confirmed for a year in the office of rector.

[Answer] The president told me that he wanted me to continue as rector, but without establishing any time period. There may be so many unforeseeable conditions in the political leadership of the country that that decision may change.

[Question] In 1983, you said that "under no circumstances" would you support having the police come into the university in the case of protest demonstrations. You then said: "I believe that university problems must be solved within the university."

[Answer] I still think that. The police should not come into the university for reasons that should be solved from within, as has generally been true.

[Question] Since you said "under no circumstances" should the police come into the university up until now, how many times have they done so?

[Answer] Very few times, actually. Once or twice.

[Question] They have come into the School of Science, the School of Medicine, Physical Sciences and Mathematics. According to eye witness accounts, they did so when there were no disturbances.

[Answer] That is not so. When the police came in, they did so because it was truly indispensable. The most notorious occasion was when the carabineros entered the dean's office of the School of Physical Sciences and Mathematics, where there were 50 or 100 students -- it is impossible to say just how many -- insulting and using vulgar expressions aimed at the dean. Everything possible was done to make them leave the office, but they refused. That was why the police went in. And there was no problem of violence on either side.

[Question] In the School of Medicine, the police went after students even in the Jose Joaquin Aguirre Hospital. They very nearly arrested patients!

[Answer] There must have been some confusion. The problem was as follows: You had one of those classic provocations of carabineros by students from the School of Medicine. When the carabineros retreated, the students -- and not only students, because sometimes people having absolutely nothing to do with the university participated -- attacked them with words and stones and other things. The situation was this: The carabineros withdrew, the students went out into the streets, interrupting traffic and causing problems. The carabineros were forced to act and the students went back in. Amidst all the confusion, the carabineros suddenly went in.

[Question] And among all the confusion, they went as far as the fourth floor of the hospital!

[Answer] Yes, they went that far after them. I could not tell you if they were all students because there were practically no arrests. They went all the way inside -- because the hospital is connected with the Medical School -- and there was harassment. It is an extremely complex problem. The hospital is so big, it was visiting day and a rather confusing situation occurred that fortunately had no consequences.

[Question] No consequences?

[Answer] No serious consequences, imagine!

[Question] Who gave the authorization for the police to enter?

[Answer] Authority came from the School of Physical Sciences and Mathematics.

[Question] From former Dean Poblote?

[Answer] He called me to tell me what was happening and he said he was going to call the police.

[Question] And you gave your approval?

[Answer] I told him that if he had exhausted all the possibilities, if it was essential before something worse happened, then fine! Legitimate authority had been replaced by a takeover.

[Question] And in the case of the School of Medicine, you also authorized it?

[Answer] It was a situation that came about through the very give and take, as a result of the action and reaction. It came about spontaneously.

Gaete Project

[Question] The main cause of the university unrest is the result of the government's intervention.

[Answer] I do not think so. It may have some influence. It may cause a group of students to find support, but I believe the main cause is something else.

[Question] What?

[Answer] I do not just believe it; I am certain. It is the influence of certain extremist political groups of opposition to the university.

[Question] Of the right, left or what?

[Answer] The left. That has been obvious both here and in other universities.

[Question] People from outside the university?

[Answer] It is naturally promoted from the outside. And there are people within the university that participate in these same ideas of violence that are causing many splits within the country and that use the university as an important element provoking the sensation of disorder and chaos, despite the fact that those involved make up a very small group, very small.

[Question] If it is so small, why have you not managed to isolate it?

[Answer] Unfortunately, because of the powers in the university. According to rules of discipline, the only way to expel a student is through an indictment going through a whole process. And such indictments are generally extraordinarily slow. Furthermore, it is extremely difficult to find persons to testify.

[Question] In this connection, what did you think of the so-called Gaete Proposal which university students condemned?

[Answer] The truth is that I am not well acquainted with the proposal, but what I have understood -- based on what the minister explained to me -- was that if such an abnormal situation occurred, practically constituting a crime, then the university did not have to make an investigation itself, but rather, based on the facts, could turn the matter over to the courts, which would ascertain whether or not there was sufficient cause to punish them.

[Question] The Government Junta did not like the proposal?

[Answer] As I was saying, I am not familiar with the details. Perhaps there was something not suitable, but the truth is that I do not know. I believe that it is legitimate for institutions to have some mechanism for being able to weed out those acting openly against it, against persons or in some way manifestly altering the activities of the university. Otherwise, one would have paradoxical situations. In a high school, if someone acts improperly, you do not have to have this whole long process in order to kick him out.

[Question] But they do not send them to the courts either.

[Answer] Of course not; I am not talking about the courts. But what is important is that there should be some way of having a due and just process in order to expel from the university someone who not only is wasting his time, but also making the university itself waste time, money and prestige.

Violence Generates Violence

[Question] General, from here, do you perceive of unrest in the university?

[Answer] Well, unrest in the university, yes. There has been in the past and always will be.

[Question] Is that good or bad?

[Answer] It is good that there be unrest in the university; otherwise, it would not be a university. But it must be expressed through the normal channels of the university: reasoning, discussion, the confrontation of ideas, without arriving at violent expressions. Violence has nothing to do with the purpose of a university.

[Question] Perhaps there are very few forms in which it may be expressed?

[Answer] It can be expressed however they want and as strongly as they want. We have no problem with that. What is wrong is when there is a loss of respect.

[Question] Are you bothered by the wrangling, the heated debate that is more characteristic of a university than of a barracks?

[Answer] No.

[Question] Are you alarmed by the shouting?

[Answer] No.

[Question] But do you think that the agitation is politically based? Do you not think that it may respond to a desperate situation in the country?

[Answer] No.

[Question] To a lack of democracy?

[Answer] No. I do not believe that is the real motivation. Violence generates violence. It has no meaning for those being educated -- who live through thought -- for violence to prevail over reason.

[Question] But some think that thought is being stifled in the universities.

[Answer] That is not true at all. If that were so, you would have but to go to the university and see the excesses. If the police were called in just because of noise, they would be there every day. It is the excesses that cannot be accepted because if you begin to lose mutual respect and accept the destruction of property, then what would we have left? The university cannot be transformed into a battlefield. Violence generates more violence.

[Question] Is it not perhaps the fact that there is so much talk in the country of the enemy, which creates a war logic?

[Answer] No. War is inconceivable inside the university.

[Question] It is said that between Chileans, there are irreconcilable enemies.

[Answer] That is an issue completely....

[Question] An issue that can be discussed openly?

[Answer] I would say so.

[Question] But many of those issues that can be discussed openly and on the outside are having an effect on the inside, wouldn't you say?

[Answer] Definitely.

General and Rector

[Question] Recently, the top student leaders of the University of Chile and the Catholic University were arrested and held. Did you think that was a proper measure by the Ministry of Interior to issue the summons or did you think it just exacerbated things unnecessarily?

[Answer] I could not say. That was outside my sphere. The government probably had its reasons for doing what it did. It is up to the courts to say whether it was justified.

[Question] As rector, were you consulted? Did they ask you whether you thought it was proper?

[Answer] No.

[Question] If they had consulted you, would you have approved?

[Answer] It all depends on the context.

[Question] The rector of the Catholic University went to the prison to visit the leaders. Why did you not go?

[Answer] Because I believe that when the Executive makes a decision and there are persons already in the hands of the courts, it is not proper for me to meddle. Without a doubt, the deans were concerned and ready, if needed, to respond to any humanitarian situation.

[Question] Going in his car to leave the president of the FECh [Student Federation of Chile] with the courts, as acting Dean Carzulovic did?

[Answer] That was one way of pacifying the situation.

[Question] Did you authorize it?

[Answer] Yes. We thereby avoided a situation of confrontation between the students and the police.

[Question] Considering the fact that you are a military man on active duty, who owes obedience to your commander in chief, and given the fact that the commander in chief is also the president of the republic, could you have gone to the prison without risk to your career?

[Answer] If you present it in that way, there is only one reply. I cannot, as a military man, disobey orders given to me by the commander in chief of the army. But if you ask me whether I, as rector of the University of Chile, would have had to ask the president of the republic for authorization to visit the students in jail, absolutely not. I do not request authorization to exercise the duties of rector.

[Question] But if you had considered it proper to go -- as did the rector of the Catholic University -- could you have done so and would you have been promoted to the rank of major general after doing so?

[Answer] I do not know. What I do know is that I would never have done so.

[Question] I am asking this in order to see how it is to serve in this double role as a general on active duty and consequently, subjected to a discipline, and as rector of a university, for which purpose great autonomy is presumably required.

[Answer] On that I have never had any problem with the president of the republic. I sometimes talk with the president and inform him of what is going on in the university -- the plans we have and sometimes asking for economic aid -- but I do not go to receive or request instructions. Furthermore, the university is autonomous and the president has always viewed it in that way and has greatly respected the autonomy of the university. Absolutely. He has never intervened in any decision that I have made inside the university. He has never interfered in anything.

[Question] What greater interference could there be than placing a general here?

[Answer] If he were to give instructions on something, he would, but he has never done so.

FECh

[Question] General, the university is on the eve of a new election of the Student Federation. You do not recognize it?

[Answer] No. It is impossible to recognize it, due to the statutes that the Federation has given itself and because of certain actions and statements of its highest leaders. We have had many talks. We organized -- with the participation of professors from different colleges -- a special committee in order to talk with them and analyze the situation. It was concluded that in order for the Federation to be accepted by the university, certain changes would be needed. Based on the regulations, it is not necessary to recognize any student organization. The organizations that the students want can exist and they will receive support to the extent that they fit into the standards of healthy co-existence and respect. However, the by-laws of the Federation have certain points that make it impossible for us to accept it.

[Question] Which ones?

[Answer] Basically, it ignores the state of law. They do not accept the existence of other student groups different from it, which violates the constitution, because all the groups that want to exist can.

[Question] So you do then accept the FECh as one of the organizations that can exist?

[Answer] Accept it as a fact, of course. But it is not possible to recognize it, first of all, because it is not necessary according to our regulations, but fundamentally, because we cannot accept or recognize a student organization which in turn does not recognize fundamental principles in the Political Constitution of the government. We told them of the need to modify their statutes on these points. And there is something else of vital importance: for them to declare publicly that they recognize that violence is not a method that can be used in the university to discuss differences of opinion. They have systematically refused. Furthermore, it is a publicly known fact that the current president of the FECh has outlined his goal of achieving the "ungovernability of the university," which would mean leading it to chaos. They also insist that the Federation's members include the students of the current Metropolitan University of Educational Sciences, the former Pedagogical Institute and the Professional Institute of Santiago, both institutes of higher learning that have no relationship whatsoever to the University of Chile now. How can we get along with a Student Federation that has students from this and other universities? And in the coming FECh elections, all will vote, just as in the previous election. That is where the figures start to change.

[Question] So you will definitely not recognize the next FECh?

[Answer] I do not know. I cannot judge things that may come in time, because if the leaders of this organization elected in the coming elections have different purposes and understand our reasons, then we could perfectly well recognize them. If they so request, the director of student affairs could hear their views and, after all, why not? We could even form another committee similar to the one we had last year and hopefully come to an agreement.

[Question] Were you happy that the Christian Democrats are not on the same list as the MDP [People's Democratic Movement].

[Answer] Yes. It is a good thing for positions to be clearly expressed because it is precisely from that group: the MDP, the Communist Party, that pro-violence groups emerge. The more isolated they are, the better.

Doubts

(Since time was running out (over 2 hours) and although the rector seemed to be in no hurry, I chose to hurry the questions, at the risk of jumping from one issue to another.)

[Question] General, it is said that the university has too many employees: 14,000 including academic and non-academic personnel, for 18,000 students.

[Answer] Most of the faculty do not work a whole day.

[Question] Nevertheless, given the university's budget problems, could you get rid of some people?

[Answer] Hopefully yes. Sometimes it is better to replace quantity with quality.

[Question] After everything that has happened, are you sorry that you insisted that Poblete be the dean of engineering?

[Answer] I did not insist.

[Question] You appointed him against the will of the faculty of that college.

[Answer] I did nothing against the will of anyone. Here you have proper hierarchical participation.

[Question] Who appointed him?

[Answer] The name of the previous dean was proposed to the board on a list put together by professors of that college. When that dean resigned, he proposed that a committee be formed to find a new dean, which I accepted, except for a few names. That committee submitted a list to me.

[Question] Why did you follow that path instead of consulting the college board made up of departmental directors?

[Answer] Because the college board does not have the task of electing or proposing the deans, according to the statutes.

[Question] After all that has happened, are you not sorry you made Poblete dean?

[Answer] No.

[Question] Then why do you not ask him to suggest how the next dean is to be chosen?

[Answer] Because he no longer has anything to do with the university. We are going to use a mechanism of greater academic participation in the designation of the next dean of engineering.

[Question] The students say: "We already got rid of Minister of Education Horario Aranguiz. We got rid of Poblete and the dean of medicine. Now we will get rid of the rector." What do you think about that?

[Answer] They did not get rid of them. The decision to accept their resignation in the case of the deans was mine.

[Question] Can they get rid of the rector?

[Answer] The decision on the rector is not theirs or mine. It belongs to the president of the republic.

[Question] With which of the two groups of professors do you get along better? the Association of Professors or the United Front?

[Answer] I get along with both.

[Question] But the president of the Association of Professors said that talks had been broken off with the Office of Rector.

[Answer] That is what he said.

[Question] Because you did not keep your word about the method to be followed in order to consult the professors over changes in statutes.

[Answer] I have never broken my word.

[Question] But you sent instructions different from what had been agreed upon.

[Answer] I had not agreed on any instructions. The instructions sent agree in many ways with suggestions made by the Association after they were sent. The only important difference is that they wanted everyone to participate, professors and assistants. This is in contradiction with the idea that they themselves back for hierarchical participation. Everyone will be heard: professors, assistants and even students through the proper organization, but

they cannot have the same decision-making power. This is the first time that university professors will participate in the proposal or generation of statutes governing the university.

[Question] On what is university autonomy based: the professors themselves or delegated authority?

[Answer] Both.

[Question] Next week, the Association of Professors will hold a meeting to see whether they want your instructions or theirs.

[Answer] I asked them to make a proposal in order to reform the statute and they said they would not do so. I do not see why they would ask the opinions of persons not represented by them.

[Question] The Association of Professors includes over half of the teaching personnel.

[Answer] I do not know; that is what they say. I have my doubts. The instructions are in force and there is no basic difference.

[Question] Finally, if the majority of the professors proposed that the rector be elected by them, would the statute change?

[Answer] It would not be necessary; the statute does not prevent that. It allows the board to propose a list so that the president of the republic might designate the rector and obviously, the board would have to seek a formula in order to gather the opinion of the faculty. I emphasize that I am for the broadest and freest possible hierarchical participation -- I emphasize the word "hierarchical" -- of professors in the university.

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CSO: 3348/102

CHILE

CARABINEROS LAW PROFESSOR DEFENDS INSTITUTIONAL MERIT

Santiago QUE PASA in Spanish 7 Nov 85 pp 59-62

[Interview with Miguel Otero Latrhop, Carabineros law professor; date and place not given]

[Text] His Personality

Upon seeing him, one can easily imagine him in court: tall, sure of himself, raising his eyebrows slightly and looking at the judges with his twinkling blue eyes. This is perhaps why some say he is arrogant and he seems to know it. He says he is controversial and has many enemies. "My satisfaction, however, is that after working or dealing with those people, many of them end up being great friends of mine." The cause of the antagonism he generates he attributes to his frankness. "When I have something to say, I say it, without beating around the bush and right off the bat." He believes in "conscious loyalty" and says that the most loyal individual is one who disagrees and points out the mistakes, rather than one who remains silent about them in order to avoid conflict. He says he is very demanding, a doer and little inclined to hold grudges.

Unlike his father, he believes that money does have advantages. The biggest one is that it provides independence. "The only person who can enjoy the luxury of defending his principles proudly and with dignity is one who has independence and the means to survive." He is not afraid to plunge into battle when necessary. During the regime of the Popular Unity, he was chairman of the security and vigilance committees of Las Condes commune, "which brought me more than one death threat." He is a Catholic in his own fashion. "I believe in the great principles of Christianity, especially those maxims that teach us that 'As you judge, so will you be judged' and 'Let he who is without sin cast the first stone.'" He says that he likes to judge less and less, "unless one could turn historical reality into the present legal reality."

Proud of his family, he is a great admirer of his wife, Patricia Alvarado. "She is a great artist, as she has shown with her work in ceramics and porcelain. But for years, she sacrificed her personal fulfillment to her role as a mother." Showing the garden of his beautiful house in Los Dominicos, he says, "All of this is her work."

Unusual Question

If President Pinochet were to ask him to be his counselor and adviser, what advice would he give him today?

"I like the president very much, but I believe that he is sometimes cut off or isolated from reality. I would therefore tell him: 'Do not believe, Mr President, that everyone who criticizes is an enemy. That critic is perhaps being more loyal than you think.' And since I believe that communication is a key to understanding, I would add: 'I believe that it is important for the government to talk with opposition leaders. In so doing, you would not diminish either your power or your authority.'"

His Life

He came to law almost through osmosis. His father, Jose Antonio Otero, created the Carabineros Legal Assistance Department and was a government attorney in nearly all the administrations. Consequently, it was not at all strange that the two sons of the Otero-Latrhop couple decided to be lawyers, a tradition that would continue when two of Miguel's sons also took up the career.

However, Miguel Otero added two other major interests to this legal vocation: the military and political careers. His youth at the Military School and in the Calama regiment and his capacity as professor of law with the Carabineros made him love and admire the military career, which is why, he says, he is hurt by attacks on the Carabineros Corps and accusations aimed at members of the institution. He is confident that at the conclusion of the trial being conducted by Minister Canovas, the people will see that many of the accusations were groundless. His contact with politics was greater during the presidential campaign of Jorge Alessandri, in which he worked actively. A member of the Liberal Party, he declined to run for a deputy seat when the opportunity was offered him "because, even if you do not believe it, I have no interest in public posts." An active local leader in Las Condes, he believes that the work of mayors is very difficult today because "they are subjected to great political pressure and have very little stability."

Although the National Party was formed in his offices (he was secretary general of the Liberal Party), he does not now seem to be related to any of the factions into which the right has divided. "I believe that when personalities are left out, the right will again be united." However, he notes that if he had to choose, he would go for the National Union, although the optimum formula for the country's future lies, he thinks, in a combination of center right and center left forces, united by their respect for the constitution and the law.

[Question] You assumed the defense of three carabineros who were piloting the helicopter that flew over the Latin American College at the time of the kidnapping of leader Guillermo Parada. What is their legal situation at the present time?

[Answer] First of all, I must clarify that I am not defending the helicopter pilots, but rather, a patrol of the Special Police Operations Group which

was flying in the Carabineros helicopter and which customarily has a technical function in aid and rescue operations. On that occasion, there were two corporals and one lieutenant. The information we are presenting clearly shows that the helicopter took off from the airport at 0900 hours and, as you know, the kidnapping occurred at 0850 hours. This is shown in the records kept by the control tower and the Civil Aeronautics flight operators. The fact that my defendants' bail order was lifted is proof that they had nothing whatsoever to do with the events.

[Question] But it was shown in the trial that the flight plan was altered.

[Answer] The flight log is a document kept by the pilot and in which it is of no importance whether the pilot is right or wrong in the time of takeoff or departure of the helicopter. It is only a note of flight time for future technical inspection of the aircraft. The important and decisive element is the information kept by the control tower and it has been established that the helicopter took off at 0900 hours. It is also shown that between 0830 and 0900 hours of that day, a military helicopter and two or three civilian helicopters took off from Trobalaba.

[Question] And what was the mission of the Carabineros helicopter?

[Answer] It was on an emergency mission when notified of the kidnapping. The radiocommunications captain, the very man who notified the ambulance, was the one who called. An injunction was issued for the captain but was lifted when it was shown that he had absolutely nothing to do with the events.

[Question] When you assumed the defense of the GOPE [Special Police Operations] group and its commanding officer, did you not think that you might be defending criminals?

[Answer] Before assuming the defense of the carabineros, we thoroughly investigated the case. I even told them: "If you are hiding anything from me or if I later find out that you have not given me all the information, I will drop the case, which would be very harmful to you because it would mean that I do not feel it is morally right to defend you." After 10 or 12 days of studying the evidence, working with the police and investigating, we came to the conclusion that those individuals had nothing to do with the case and agreed to defend them.

[Question] And if you had had to defend Colonel Michea or Colonel Fontaine, what would you have done?

[Answer] I would have tried to investigate to see whether or not they were responsible. If they had had some responsibility, I would not have agreed to defend them, not because they should not be defended, but rather, because I believe that one who participates in an act of terrorism should receive the maximum penalty, which would have prevented me from defending them properly.

[Question] You believe that the truth will eventually be learned about what happened in the case of those who had their throats cut?

[Answer] As a Chilean and as a professor of law, I fervently hope the truth will be learned. I believe that Judge Canovas is a great magistrate, an honest man with a great desire to get to the truth. We hope that he will be given all possible means to do so. Now then, with respect to your question, I do not know whether or not the truth will be learned. It is symptomatic that to date, no one has been charged with the kidnapping and killing.

[Question] To what do you attribute this?

[Answer] I do not know; I am not very familiar with the trial. I would personally liked to have seen the Carabineros ordered to investigate also.

[Question] Do you distrust the CNI [National Information Center] and Investigations?

[Answer] No. I only think that four eyes see better than two.

[Question] You have been critical of the work of the CNI.

[Answer] Following the Calama case and on other occasions, I have noted that the function of the secret services and the secret police is information; that is why they are secret. But the information they gather must be turned over to the government, which must pass it on to the courts so that they may issue arrest orders. And who carries out those arrests? In my opinion, it should be Carabineros and Investigations, who go in uniform, with identification plates, vehicles visibly marked. Otherwise, there is confusion and bewilderment. When people in civilian dress make arrests and are armed in the street, then terrorism is given the best weapon because you cannot tell who is who.

[Question] But DICOMCAR also worked as a security organization.

[Answer] As a result of which I heard internally in the institution that the purpose of DICOMCAR was to clarify the terrorist attacks on the Carabineros and it was very successful. Furthermore, Carabineros receives orders to investigate from the courts and at any time, the institution can give the names of those participating in a mission.

[Question] Naturally, DICOMCAR did not realize its acts and had secret places.

[Answer] If there were any excesses, it was because of a human problem.

[Question] Do you believe that the DICOMCAR case has hurt Carabineros a great deal?

[Answer] I believe that the mentality of the average Chilean, who likes sensationalism, has found a good target in Carabineros. Since the carabineros are the ones who put down illegal trade and those who violate the law and since they are responsible for maintaining order, it was the right time to get at them. I think that time will show that the accusations were groundless and that the people will see how much they owe Carabineros.

[Question] You seem to have blind faith in the innocence of Carabineros.

[Answer] I have given law classes and special courses to lieutenants and captains for over 15 years, emphasizing the function of the carabinero. It is difficult to think that those people, trained in the processes of the law, in which 50 percent of the classes are on law, with professors who are accountants, judges and university professors, could be involved in acts such as those being investigated by Minister Canovas. I believe that Carabineros is an institution made up of human beings and that it may also have its rotten apples, but those bad apples are not going to prevent people from recognizing that Carabineros of Chile is one of the best police forces in the world.

[Question] And if they are not responsible for the crimes being investigated by Judge Canovas, why were the highest officials removed from the institution?

[Answer] General Mendoza was not removed; he resigned.

[Question] But eight other officers were removed.

[Answer] Yes, General Donoso presented his resignation and it was accepted by the president, which I am terribly sorry about because he was a great officer. What happened to the rest? Because of a desire to pacify and for the purpose of removing all doubt about the conduct of Carabineros, measures were taken that in my opinion were excessive. They meant temporary retirement for some Carabineros personnel. When a minister issues an injunction, it means only that that person is being investigated, but because of those injunctions, Carabineros asked its personnel to retire. The trial has now shown that many of those carabineros had nothing to do with the events. That is the specific case of Ivan Gonzalez, commanding officer of the Special Police Operations Group. The injunctions were lifted concerning all of them. Nevertheless, they were asked to retire and their careers were ended. An injustice was thus done to those persons and that injustice has to be rectified. That is why it will be necessary to pass a law making it possible to take those uniformed men back into their posts.

[Question] But the case is not yet over.

[Answer] That is true, but as it moves along, more and more persons are being eliminated from the investigation and those persons have the right to restore their professional lives. This does not happen with civilians and the law in Chile prohibits discrimination.

[Question] And is it discrimination or not when uniformed men can serve their sentences for any crime at military posts, based on the recently passed law?

[Answer] Those uniformed men, because of their uniforms, would have serious problems in public jails. We are avoiding situations of greater discrimination while they are in preventive prison. But if they are convicted, then they will have to serve their sentences in common penitentiaries because they are then criminals.

[Question] Carabineros has now incorporated other branches of the Armed Forces. According to what has been learned from the Canovas trial, it has reportedly even integrated a joint command of personnel from all the branches in security tasks. Do you believe that this is what may have led to situations such as the one presented by DICOMCAR?

[Answer] I have an absolute recall of 30 years on the subject and my opinion on the matter has never changed. I believe that the police function is absolutely distinct from that of the Armed Forces. Carabineros is trained to protect the law and public order and to protect the people. Carabineros resorts to violence only when necessary and if it is used beyond what is strictly essential, it is a crime. The Armed Forces have the function of protecting the nation against its enemies. Their mission is to destroy them. In war you shoot first and ask questions later. You have no choice: Either kill or be killed. The carabinero generally acts alone or in teams, dealing with contingencies, applying his own judgment. In military units, the soldier generally never acts alone and has to carry out orders he receives. In the case of the Carabineros, this is not true. Carabineros should never have been assimilated into the armed institutions because its function is to protect and law and public order within the republic. Now then, since you have spoken of the government of the Armed Forces and Carabineros, I think that confusion has occurred. On the level of the enlisted men in Carabineros and the Armed Forces, they understood that the leadership of the country not only belonged to the high command, but to them also, and they feel they are part of that authority.

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CSO: 3348/207

CHILE

2 PERCENT GDP GROWTH PROJECTED FOR CURRENT YEAR

Santiago EL MERCURIO in Spanish 19 Oct 85 p C-1

[Text] The Ministry of Economy has projected a rate of growth of 2 percent in the GDP, which is compatible with restrictions in the balance of payments, foreign financing and domestic spending.

The rate corresponds to the lower limit of the range projected in the 3-Year Program and "is satisfactory, considering the unexpected drop observed this year in the terms of trade."

These remarks were made yesterday by the undersecretary of economy, Col Jorge Valenzuela, at the ceremony marking the transfer to the National Planning Office (ODEPLAN) of the task of reformulating the 3-Year Program, which since 1984 has been the task of that undersecretariat.

The ceremony was presided over by Minister of Economy Juan Carlos Delano, the minister and vice president of ODEPLAN, Sergio Valenzuela, the undersecretary of economy, Col Jorge Valenzuela, and the deputy director of ODEPLAN, Luis Larrain.

The undersecretary of economy noted that "on the express request of ODEPLAN and with the consent of the Ministry of Economy, the president of the republic has provided that in the future, the 3-Year Program will continue to be reformulated by the National Planning Office," adding that despite this change in supervision, the objectives and goals set forth for the plan have not changed.

He explained that the program emerged from the need to have medium-range guidance and coordination of the public and private sectors of production, which task was initially performed by the Ministry of Economy.

He said that for that purpose, a Central Coordinating Committee had been set up, along with 11 high-level sectorial committees made up of authorities from the public and private sectors. This led to the first 3-Year Program for 1984-1986, which in general terms "made it possible to give correct signals so that the growth goals planned could be exceeded."

Undersecretary Valenzuela provided the director of ODEPLAN with the background information which since the beginning has made it possible to draft the study

in question, a complete collection of the 3-year programs for 1984-1986 and 1985-1987, along with the documents and minutes of the meetings of the different committees this year, accompanied by an analysis of what occurred during the first half of this year.

Indicators

The undersecretary then noted that during the first half of the year, the GDP had risen 1.6 percent compared with the same period in 1984, a rate mainly explained by the activity of the forestry-agricultural and construction sectors.

He added that the sector of forestry and agriculture had experienced growth of 7.2 percent as a result of the foreign exchange policy, which has helped exports, and the sectorial policies that have given incentive to production in some areas.

Regarding construction, which rose 12 percent, he noted that this results from the expansion in public investments, the gradual reduction in real interest rates for long-term credits, and public and private repairs of facilities damaged by the 3 March earthquake.

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CSO: 3348/102

CHILE

CARABINEROS CHIEF SEEKS INCREASE IN PERSONNEL

Santiago EL MERCURIO in Spanish 13 Nov 85 p C-2

[Report on interview with Rodolfo Stange Oelckers, general director of Carabineros; date and place not specified]

[Excerpt] Rodolfo Stange Oelckers, general director of Carabineros, repeated his strong condemnation of the extremist action that cut short the life of a new martyr from that corps. He was waiting for the officer's coffin to be brought into the Capilla Ardiente at noon yesterday at the Fabriciano Gonzalez Urzua Noncommissioned Officers School.

He indicated: "It is a crime, a cowardly murder by totally rotten minds. There are people who still do not understand that there is a desire to work in tranquillity and peace. There are people who still do not understand what it means to be part of a civic group like the human race, like the nation."

He loudly remarked: "We have demonstrated our desire for tranquillity but the perpetrators of this attack must not confuse this with weakness."

He was sure that the preliminary investigations will yield results and the extremists will be apprehended.

He indicated: "The institution is united. It knows that these are risks and I trust my officers, all the Carabineros. I know how they have been trained; I know their philosophy. At the same time, they can rely on the command which is concerned about these problems."

He announced that special measures will be taken because of the attack and its fatal consequences. "I could not say what they are because, naturally, we have to adapt them to the deeds. That is why I said that the perpetrators of this crime must not confuse our calmness in procedures with weakness."

[Question] Is there a shortage of personnel?

[Answer] Yes, there is a shortage of personnel. We have said--and I repeat--that we need more personnel because there are many requests. There are many requests for more Carabineros in the towns but, unfortunately, we do not have enough personnel to meet all the demands.

[Question] How many people do you need?

[Answer] At least a third more than we have.

[Question] Will this new attack mean a change in the attitude of the Carabineros?

[Answer] We have a doctrine, we have a philosophy and we work based on it. We are going to find those responsible for this attack. That is why I tell them not to think that our calmness in action will not let us respond energetically when necessary.

[Question] You state with absolute certainty that the perpetrators of the crime will be found?

[Answer] They must be found!

[Question] Is this crime related to the recent murder of a bank official?

[Answer] There are several clues that we are investigating. I could not say now because all these things have to be analyzed by specialists with the appropriate calmness.

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CSO: 3348/206

CHILE

300 BUSINESSMEN POLLED ON ECONOMIC OPINIONS, PREDICTIONS

Santiago EL MERCURIO in Spanish 13 Nov 85 p B-1

[Excerpt] Approximately 300 businessmen and executives who participated in the Seventh National Business Meeting felt that it is most likely that there will not be changes in the mechanism to readjust the dollar or the existing customs level. This is based on a survey taken during the work sessions.

What Businessmen Think (Figures in Percentages)

<u>Question</u>	<u>Preferred Alternative</u>	<u>Most Likely Alternative</u>
Rate of Exchange:		
Indexed with the IPC of the previous month, discounting international inflation	50.5	77.4
Floating (rate fixed by supply and demand)	24.1	8.5
Table with anticipated evolution	25.5	11.8
Customs:		
Low and equal (close to 10 percent) with antidumping protection	32.5	13.7
Equal at a level of 20 percent or with antidumping surcharges	32.1	71.2
Differentiated between 0 and 35 percent	34.9	11.8
Collective Bargaining:		
Only by sectors with established rates	7.5	6.1
Only by enterprises	77.8	72.6
Optional negotiation by enterprise or sector	13.7	16.5
Government Expenditures:		
Small deficit	52.4	64.2
Substantial increase in government deficit	13.2	8.5
Reduction in government spending and government deficit	34.0	25.0
Foreign Debt:		
Offer foreign creditors payment of only a percentage of exports	42.5	3.8
Generate international conditions for global renegotiation of foreign debts	40.1	21.7
Continue with traditional negotiation mechanisms	16.5	72.2

<u>Question</u>	<u>Preferred Alternative</u>	<u>Most Likely Alternative</u>
Enterprises' Debts:		
Global renegotiation of the enterprises' debts	19.8	8.5
No new renegotiations	23.6	17.0
Individual renegotiations subject to special amortization and capitalization situations	55.7	71.7
Concentration of Property:		
Must be avoided	48.1	50.9
Makes the economy more dynamic	10.4	11.8
Is not relevant to business efficiency or the economic system	40.1	29.2

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CSO: 3348/206

CHILE

CES RECOMMENDS INCREASE IN REGIONAL DEVELOPMENT FUNDS

Santiago EL MERCURIO in Spanish 13 Nov 85 p C-3

[Text] The Regionalization Commission of the CES [Economic and Social Council] learned yesterday about a substantial increase in the lines of financing that the FNDR [National Regional Development Fund] offers as well as a criterion so that those resources will be invested to greater benefit the regions most isolated from the capital.

That commission, headed by Mario Barrientos and Harry Juergensen, held a long work session yesterday with technical personnel from the Undersecretariat of Regional and Administrative Development of the Ministry of Interior headed by Victor Hassi, chief of the Regional Development Division.

The members of the CES were given extensive information about the procedure adopted by the government concerning the regionalization process. The system applied by that undersecretariat was analyzed. Among other achievements, it has permitted regional growth through the allocation of resources.

At the end of the meeting, Mario Barrientos indicated: "We have been informed of a substantial increase from the FNDR which is unquestionably very beneficial for the regions. I think the most positive aspect is that this fund is approaching the percentage that the law establishes as necessary. It is reaching 5 percent of the total tax revenue of the state, excluding the territorial tax."

He added: "The criterion that is being applied now is better than the one used in recent years. It is a system to invest a higher proportion in regions more isolated from the center of the country. This is very positive and benefits the most isolated zones which have more problems. At the same time, it emphasizes the concept of solidarity which includes better distribution."

He recalled that the CES recently gave the president of the republic a 49-point report containing proposals to expedite the regionalization process. Barrientos said that the president expressed his satisfaction with the study. His response will be announced soon by the minister of interior.

Concerning the aspects that must be considered in order to make this process dynamic, he said: "The CES views it as a constitutional mandate. Therefore, there must be progress in several sectors. The legislative sector must act to

make the regional plan workable. The administrative sector must give the necessary support to public services in the regions. Authority must be delegated so that the decision level on investments is in the regions themselves. Finally, the private sector must have a leading role as the motor of development."

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CSO: 3348/206

CHILE

NATIONAL ENERGY COMMISSION HEAD ON OIL SUBSTITUTION GOALS

Santiago LA NACION in Spanish 27 Oct 85 pp 16-18

[Text] Savings amounting to about US \$3.6 billion, achieved by replacing oil with other sources of energy, and the elimination of 7.2 billion pesos in government spending, resulting from the withdrawal in 1979 of the subsidy on certain fuels, are some of the achievements of the National Energy Commission. The commission, whose task is to set policy in this sector, is chaired by Lt Gen Herman Brady Roche, minister-president.

Just 4 days ago, Gen Brady Roche called a press conference to reveal the national energy policy, its current situation and its projections for the future. He explained that the philosophy behind this policy is entirely consistent with the government's social and economic policy, and reiterated that in this sector, a policy of subsidies through the prices of energy products would be highly regressive, since it would benefit the high-income sectors especially.

He indicated that the commission he chairs is striving to substitute national resources for hydrocarbons, emphasizing that since 1976 (when oil consumption began to stabilize and even decline in our country), about \$400 million a year in foreign exchange has been saved by this means. Moreover, he noted, the degree of dependence on foreign sources of energy has been reduced.

The text of Gen Brady Roche's presentation appears here as our document for today:

General Facts

To get a better idea of the general energy development policy and of the specific programs that are being implemented, it is appropriate first of all to present an overview of the principal characteristics of this sector, and of the general approach taken by the government to ensure its orderly functioning.

In the first place, we should emphasize the close correlation between energy consumption and the country's economic activity (Figure 1), as a consequence of the derivative demand for this commodity. Thus, the expansion of the sector depends heavily on the development of the other sectors of the economy.

In addition, economic growth requires adequate and reasonably priced energy supplies as a necessary condition. In the second place, it should be noted that the productive processes of the most commonly used energy sources, such as electricity, petroleum and, to a certain extent, coal, are highly centralized. Additionally, the energy production processes tend to be very capital-intensive and not very labor-intensive. Moreover, energy projects are noted for their long gestation periods and useful lives, which means that adequate planning is essential. Finally, we should point out that as inputs, the various forms of energy compete not only among themselves, but also with other factors of production such as capital and labor. Therefore it is necessary to manage relative prices carefully, and to establish mechanisms to coordinate the different sectors.

At this time in our country, the decision-making process related to the development and operation of the energy sector follows a series of coherent rules and is organized within a clear institutional hierarchy, in the case of the state-run enterprises. From this standpoint, we should emphasize the different treatment accorded the centralized forms of production and energy use, as opposed to those forms that may develop more efficiently within a context of decentralization. Thus, major government decisions, such as the installation of new oil refineries or large power plants, for example, are made by the executive branch on the basis of technical-economic studies conducted by National Energy Commission (CNE) in conjunction with the enterprises involved. Decisions related to projects such as the expansion of fuel and electricity distribution networks or the production and utilization of firewood and forestry residues as fuels, on the other hand, are made in a decentralized manner by the enterprises involved, be they state or private, in accordance with the comparative advantages offered by these technologies in each region. In this regard, the government has been concerned with designing general rules that associate economic efficiency with decentralized decision-making. These rules involve aspects such as efficient price-setting systems, mandatory service systems in some cases, the establishment of terms for competition, safety and quality standards, and others.

The figures below attempt to present an overview of the trends that have taken place in the country's energy supplies, and the sectors that consume that energy, for the years 1968, 1976 and 1984.

Figure 2 shows gross primary energy consumption.

It can be seen that the principal source of energy consumed in this country is still petroleum, although in recent years its relative importance has declined. It is interesting to note in this figure the importance of firewood, which constituted 22 percent of all primary energy in 1984.

Figure 3 illustrates the distribution of final energy consumption among the industrial, residential-commercial-public, transportation, and processing sectors.

One way of measuring the importance of the energy sector in absolute terms is through the value of final consumption. In 1984 that value was estimated at \$2.4 billion, distributed as indicated in Table 1.

Table 1. Value of Final Energy Consumption in 1984
(in US dollars, x 100,000, as of 6/30/84)

Petroleum and Gas (1)	1,560
Electricity	690
Coal (1)	60
Firewood	90
Total	2,400

(1) Does not include the value of energy used in the generation of electricity.

Considering the heavy state participation in the energy sector and the volume of sales in this sector, the fiscal impact of a policy of subsidizing energy prices is clear.

Needless to say, these decreasing resources would have a fundamental impact on government social spending.

On the other hand, it can be demonstrated that a policy of subsidizing energy prices would be highly regressive, benefiting high-income sectors above all.

Thus, for example, in the case of paraffin and liquefied gas, surveys reveal the following stratification of consumption.

In 1979, the prices of paraffin and liquefied gas contained an implicit subsidy that represented 7.2 billion current pesos a year.

Of this total, according to the indicated stratification, 2.54 billion pesos reached low-income families, while 4.66 billion pesos went to the middle and upper strata.

If the subsidy is analyzed per family, the result is that on the average, a low-income family received 200 pesos a month, while a high-income family received 750 pesos a month.

General Policies of Energy Sector

The philosophy with which the country's energy problem has been approached is entirely consistent with the government's economic and social policy. The central objective of the current energy policy is to achieve efficient energy supplies, understanding by that the production and use of the most economic forms of energy, with adequate availability and reliability of supplies.

The principal mechanisms that have been implemented to achieve this objective are the following:

--A clearly organized institutional hierarchy that guarantees and facilitates the stable and orderly operation of the sector.

--The establishment of legal regulations and non-discriminatory rules that will facilitate the involvement of the private sector in the energy sector and

provide for an effective coexistence of state and private enterprises, with the former operating within a framework of subsidiaries.

—The coordination of the investment decisions of the state-run enterprises in the sector from a comprehensive perspective, in keeping with national interests.

—Pricing policies that are coherent and economically efficient from the standpoint of energy production and use. This translates into free prices for products that can be negotiated, such as fuels, and into electricity rates based on the marginal costs of supply.

—Active state participation in the evaluation of energy reserves, when justified by prospects for utilization.

—The implementation of mechanisms to provide information on technology and prices, to lead in a decentralized manner to a rational and efficient use of energy.

Development Prospects of Principal Energy Subsectors in 1985-87 Period

For the purposes of the analysis of this sector, the demand for energy has been grouped into five fundamental components: petroleum, firewood, coal, hydroelectricity and natural gas.

It is estimated that primary energy demand will grow by approximately 22 percent between 1984 and 1988, which means an average annual growth rate of about 5.0 percent. The subsectors show markedly different indicators, however.

Demand in the petroleum subsector will decline by 2.7 percent in 1988 compared to 1984; this drop will be the result of the increasing replacement of petroleum by other sources, especially coal (which will be used in thermal electricity generators and industrial boilers), and also firewood and forestry residues.

The demand for hydroelectricity will rise by 22 percent between 1984 and 1988, which means an average annual rate of 5.1 percent. This increase corresponds basically to the effect of the opening of Colbun-Machicura.

The country's demand for coal is projected to be 50 percent higher in 1988 than in 1984. This can be explained by the beginning of operations in 1985 at the No. 13 thermoelectric plant at Tocopilla (a 78-MW coal-powered plant), and the opening of Unit 14 (125 MW, also coal-fired) in 1987. This growth will be offset in part by the opening of the Colbun-Machicura hydroelectric plant, which in 1985 and 1986 will displace a major portion of the power now generated by coal-based plants in the Central Interconnected System.

It should be noted that the growth trend of the 3-year period will extend through to the end of the decade; the 1990 figures are expected to be double those of 1984.

plants by 1988. They will be developed by foreign investors, and one will produce methanol, the other fertilizers. Both projects are aimed at producing exports, and will use 75 percent of the proven reserves. The National Petroleum Enterprise (ENAP) must build a pipeline to transport gas to these two projects.

The aforementioned projects for the electricity, coal, and petroleum-gas subsectors, along with various projects in the transportation and distribution of these fuels plus the investment projects, will entail total investments of \$382 million, \$605 million and \$688 million in 1985, 1986 and 1987, respectively.

Concerning the eventual use of natural gas, in the central region of the country studies are being made to determine demand and the costs of distribution, transportation and storage of this fuel. The natural gas may be supplied from Argentina, or from gas deposits that may be discovered in the south-central region of the country.

Finally, the significant growth rate recorded for petroleum in the past, which entailed the doubling of demand every 10 years, has been reduced to zero as a result of the government's programs to replace petroleum with coal and hydroelectricity, and the realistic pricing policy that has led consumers to save petroleum and substitute coal and firewood, primarily.

Principal Projects

Petroleum and Gas

—Exploration for hydrocarbons in the areas of Pampa del Tamarugal and Salares de Atacama, Punta Negra, Pedernales and Maricunga, the Southern Zone in the Osorno-Llanquihue sectors in Tierra and Arauco, Valdivia, Golfo de Penas and Diego Ramirez Island, offshore.

—Projects for the use of natural gas methanol from Magallanes for the production of methanol and ammonia-urea.

—Gas pipelines for the transportation of natural gas in Magallanes.

Coal

—Opening of the Pecket mine in Magallanes.

—Modernization of the structure of production in Lota and Lebu.

Electricity

—Hydroelectric plants in Alfalfal (Maipo River, 135 MW) and Canutillar (Reloncavi Bay, 143 MW).

Finally, the demand for natural gas for energy purposes will climb by 4.8 percent in the 1984-88 period, attributable to the natural growth in consumption.

Production

As for national production of crude oil, it is expected to decline by about 18 percent between 1984 and 1988. Nevertheless, because of the fall in the demand for hydrocarbons, the net effect on self-sufficiency will be mitigated somewhat. It is expected to decline from 48 percent in 1984 to about 40 percent in 1988. We should also point out that because of the increase in total primary energy consumption during the years in question, primarily in terms of other nationally-produced sources of energy, the overall dependence on foreign sources of energy will fall from 26 percent in 1984 to 22 percent in 1988.

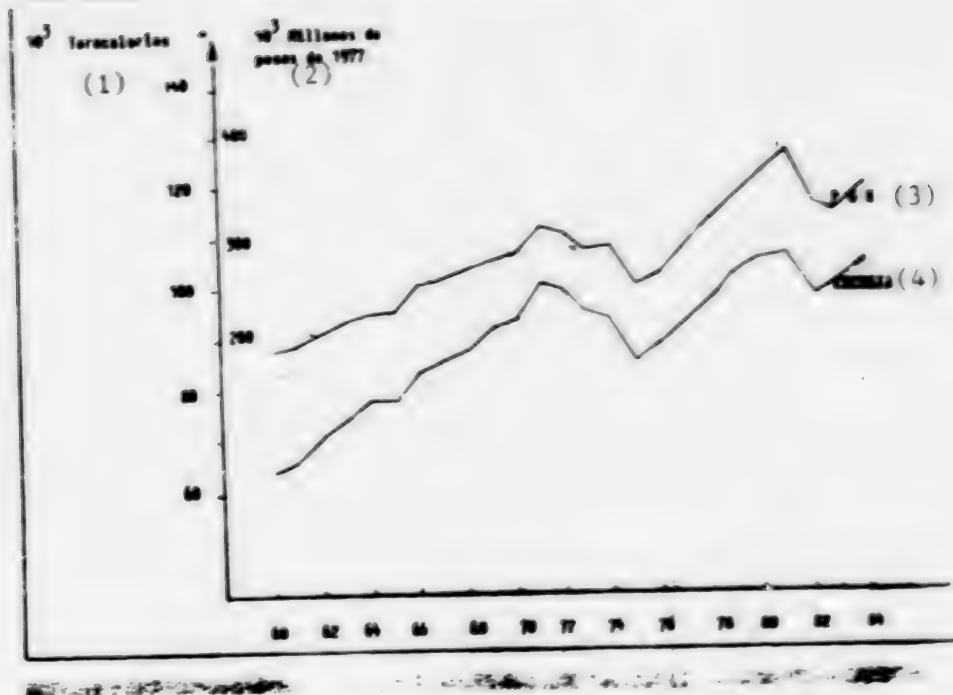
Investments in the petroleum sector will be aimed at maintaining national productive capacity; with this goal in mind, the bulk of investment will be earmarked for the exploration and development of the reserves in Magallanes. In addition, an important exploration program is being carried out in the rest of the country with a view to possibly exploiting these resources both privately (Risk Contracts) and by the state. Finally, investments will be required to drill for natural gas and transport this fuel to supply methanol and ammonia-urea plants that use it as a raw material.

In the electricity sector, the recent opening of the Colbun-Machicura plant in April 1985, with a production of 3,000 GWh per year, will enable the Central Interconnected System to attain self-sufficiency by 1990. The construction of the 140-MW Alfalfal (Maipo River Basin) and 145-MW Canutillar (Reloncavi Bay) power plants has already begun. In 1985 the 75-MW No. 13 thermoelectric unit, a coal-powered plant, began operations in Tocopilla. Construction began on Unit 14, a 125-MW plant, and on the lines to connect the electrical systems of Tarapaca, Tocopilla-Chuquicamata, and Antofagasta with the Norte Grande Interconnected System (SING). A decision will be made soon on the site and date of installation of the 125-MW unit that will follow Unit 14. It will supply the growing demand in the SING system.

The coal will come primarily from national sources, with the exception of about 250,000 tons of metallurgical coal that will have to be imported because there are not enough reserves of this type in current mines. As a result of the coal bidding that the Copper Corporation (CODELCO) held for its plants in Tocopilla, the private consortium COCAR will begin coal production in the Pecket deposits in 1987. It is expected to attain an estimated production of more than 1 million tons a year by the end of the decade. The National Coal Enterprise (ENACAR) and Schwager, on the other hand, will carry out an investment program during the 3-year period to modernize and rationalize mining activities at the Arauco deposits.

With regard to the utilization of the natural gas from Magallanes, in the coming years investments are scheduled to provide for the construction of two

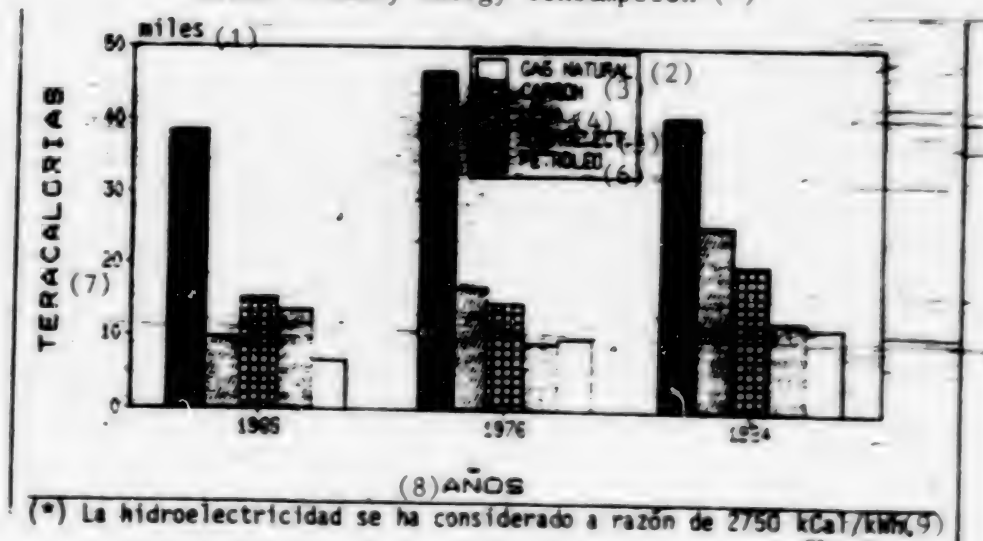
Figure 1
GDP and Energy Consumption



Key:

1. Teracalories
2. Millions of 1977 pesos
3. GDP
4. Energy

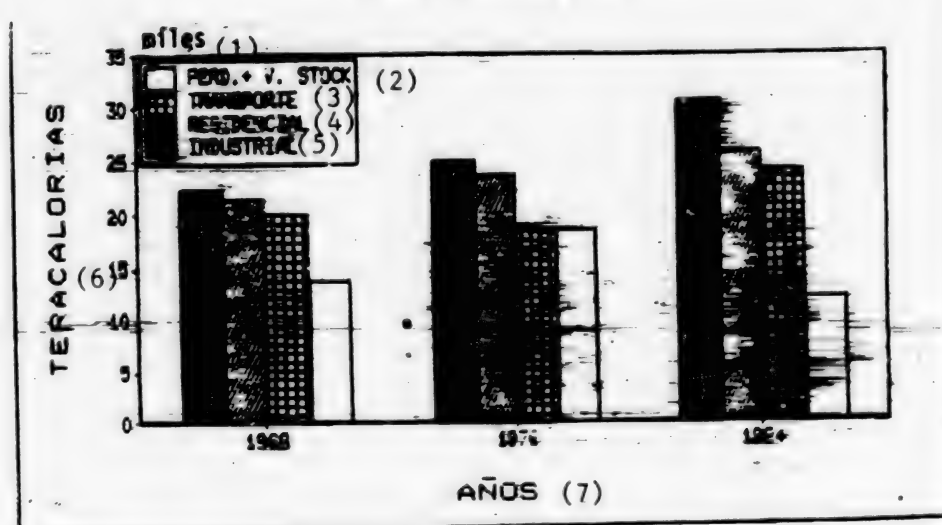
Figure 2
National Energy Commission
Gross Primary Energy Consumption (*)



Key to Figure 2:

1. Thousands
2. Natural gas
3. Coal
4. Firewood
5. Hydroelectricity
6. Petroleum
7. Teracalories
8. Years
9. (*) The hydroelectricity has been considered at a rate of 2750 kCal/kWh.

Figure 3
National Energy Commission
Final Consumption



Key:

1. Thousands
2. Perd. + V. Stock
3. Transportation
4. Residential
5. Industrial
6. Teracalories
7. Years

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CSO: 3348/149

CHILE

FORESTRY SECTOR AUGMENTS EXPORTS, PLANTINGS, CONSERVATION

Santiago EL MERCURIO in Spanish 19 Oct 85 p C-5

[Text] Ministry of Agriculture Jorge Prado announced yesterday that among its accomplishments, Chile can count an increase in the area planted in forests of over 300 percent, growth in exports of lumber and wood by-products of 1,200 percent and 10-percent participation in the total amount of foreign exchange generated in the country.

He added that "one cannot cut a single hectare of forest without first guaranteeing replanting, which gives the activity a strong conservationist inspiration and which, furthermore, is explicitly stated in the Political Constitution of 1980."

The secretary of state made these statements when speaking at the celebration of World Food Day and the 40th anniversary of the UN Food and Agriculture Organization (FAO), which occasion marked the official opening of the organization's new regional headquarters located at 6700 Avenida Santa Maria.

The event was attended by the dean of the diplomatic corps, apostolic nuncio Angelo Sodano, the deputy director of the FAO, Mario Jalil, the resident coordinator of the UN Development Program (UNDP), Pierre Dan Baas, and Ambassador Hernan Santa Cruz. In addition, numerous government officials, diplomats and international figures attended.

During the lengthy ceremony at which the regional economist of the FAO, Fernando Fuenzalida, spoke, reading a document on rural youth prepared in connection with World Food Day, the regional director of the organization, Mario Jalil, also read a message from the director of that organization, Edouard Saouma.

Also speaking was apostolic nuncio Angelo Sodano. The ecclesiastical official read a number of papal statements reflecting the thought of the Church on the FAO, an entity created at the close of World War II to fight the disastrous effects of the conflict.

Commemorative medals were then presented to Sodano and to Minister Prado. A tree was also planted as a symbol in front of the new building housing the FAO.

National Achievements

In his address, Minister of Agriculture Jorge Prado said that the positions of the FAO and the path set forth to guide research work and improvement in techniques "have had the full and complete cooperation of the Government of the Armed Forces and Order throughout these 12 years."

"At the same time, we have had the support of the FAO in the development of projects and specific programs for irrigation, livestock raising, plant and animal health and various other areas," he said.

Prado indicated that results obtained in experiments carried out together "have spilled over into the fertile field of private enterprise and have provided important information for organizing subsidiary action of the government and for drafting our agricultural and forestry policies, inserted into the framework of an open market economy."

With respect to achievements, Prado mentioned the increase in production and productivity, the incorporation of advanced technology into farming and food production, the reduction in the rural unemployment index to under 5 percent, the plentiful supply of corn, poultry and eggs, meeting over 90 percent of consumer needs for sugar, milk, rice and red meat, the increase in exports of over 2000 percent in 12 years and the positive trade balance of the sector, amounting to over \$560 million.

"If results in the area of food production are increasingly good, they are equally good in forestry," he said.

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CSO: 3348/102

CHILE

SHIPS, PROCESSING PLANTS ADD TO FISHING SECTOR CAPABILITY

Santiago EL MERCURIO in Spanish 28 Oct 85 pp B-1, B-3

[Text] Investments in the national fishing sector have been very dynamic lately, with the installation of new processing plants, the purchase of planes for prospecting, and the addition of new vessels to the fleets of the various companies.

The latest edition of CHILE PESQUERO reports that between July and August of this year three Islander planes arrived in the country, having been purchased by Pesquera Guanaye (a subsidiary of the Chilean Oil Company) to renew its fleet and carry out more efficient prospecting and "aerial seining." The vessels will be based in Arica, Iquique and Antofagasta.

The magazine also reported that last August Pesquera Guanaye was authorized to install a plant to make fishmeal, fish oil and soluble materials in Tocopilla. "The plant will have an initial capacity to process 30 tons of raw material per hour, and it is expected to produce about 20,000 tons of fishmeal per year. It will provide direct employment to approximately 170 persons."

The Salmonsur S.A. company installed a new fish processing plant also, reported the specialized publication. The plant is located in Ancud, and has a 940-square-meter packing and processing shed. It is also equipped with a freezing tunnel, two maintenance chambers, a canning line and auxiliary buildings.

The new Salmonsur plant, in addition to processing its own fresh, frozen or canned products for the export market, will provide processing and packing services for other producers in the region. It will also serve as a refrigerated warehouse on contract to Tattersall Warrants Ltd.

This plant complements Salmonsur's two regional centers where trout and Pacific salmon are raised.

Pesquera Loa Sur S.A. also began operations in a new fishmeal and fish oil plant located in Coronel, Region VIII. Loa Sur is a subsidiary of Pesquera Loa S.A.

The unit in Coronel is made up of a fish processing plant with a capacity of 80 tons an hour, and a fleet of four 550-ton boats. It is estimated that these vessels will catch 160,000 tons a year. These facilities will provide employment for approximately 260 persons.

New Boats

The Indo and Eperva companies also added new boats to their fishing fleets. Indo, according to the fishing publication, added a "former American crab boat that used to operate in Alaska and was purchased by Indo in 1984. Brought to the country at the end of last year, it was converted into a 'cerquero' boat at the Astilleros Arica shipyards and will soon begin operations in the northern region of the country."

Eperva, meanwhile, is "in the process of modernizing its fleet," and received the boat Eperva 58 from Astilleros Arica. This vessel has a storage capacity of 290 tons and is equipped with the most modern technology. It will operate in Regions I and II.

In another area, the publication indicates that Astilleros Arica S.A. in September began expanding its facilities in the port of Arica, "involving the incorporation of a new boat lifting system called Syncrolift that can handle vessels up to 45 meters long and 15 meters wide, weighing up to 1,000 tons."

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CSO: 3348/149

CHILE

IRON, STEEL INDUSTRY EXPORTS TO EEC, JAPAN INCREASE

Santiago LA NACION in Spanish 30 Oct 85 p 8

[Text] The secretary general of the Latin American Iron and Steel Institute (ILAFA), Anibal Gomez, stated that the situation of the Chilean iron and steel industry is favorable, and it is in a better profits position than other productive industries in Latin America. In this regard, he reported that in the first 8 months of this year, production totaled 510,000 tons, while the profits of the Pacific Steel Company (CAF) for the first 6 months reached US \$4.5 million, nearly double the figure for the same period of 1984.

Gomez mentioned the conclusions of the recent ILAFA-26 Congress held in Rio de Janeiro, and stated that early next year an iron and steel mission from the region will travel to the United States to convince officials there to modify some aspects of the protectionist legislation that has been passed in that country. The mission also intends to express the view that the agreements adopted with Latin American countries for voluntary steel export quotas have not worked efficiently. In this regard, the mission will suggest that unused quotas be used by other countries.

The executive pointed out that the United States imported 25.4 percent of its steel consumption in the first 8 months of the year, while last year it imported 25.8 percent. This is very far from the goal of 18 percent established by the Reagan administration.

He also asserted that the exports of the European Economic Community countries and Japan in this sector have increased significantly in recent years, and other nations that did not sign the agreement have taken advantage of the situation to make up the difference.

Profits

In addition, Gomez stated that the profits of some Latin American iron and steel companies are quite low, since the foreign debt is very high. It totals US \$12 billion for the companies in this sector, a level similar to the foreign debts of countries like Colombia and Peru.

In this connection, Gomez emphasized that the case of CAP in Chile is different, because it is earning high profits, higher even than Brazilian firms in this sector are earning.

Finally, he indicated that domestic demand in the region has fallen off by 8 percent from the 1984 level, while exports are still at about 10 million tons. Domestic consumption, although down considerably, totals some 29.3 million tons.

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CHILE

MINISTER PRESENTS LONG-RANGE STRATEGY FOR COPPER INDUSTRY

Santiago EL MERCURIO in Spanish 9 Nov 85 p A-3

[Text] The minister of mining has made an enlightening presentation of long-range problems affecting the copper industry and possible strategies to be applied in order to overcome them. Given Chile's importance in the world production picture and copper's relevance to the national economy, the facts presented by the head of the ministry will serve to provide a better understanding of far-reaching aspects of the crisis in which the country finds itself.

In addition to circumstantial aspects negatively affecting Chile's economic development, one must remember those relating to the main export activity, which is the principal source of foreign exchange. First of all, it must be emphasized that the terms of trade have deteriorated, reflected in the fact that in 1973, one had to produce and sell 3.4 pounds of copper to buy 1 barrel of oil, while in 1984, one had to sell 45 pounds of the metal to buy that same oil!

This is to a great extent due to the deterioration in the average price of copper on international markets, which in 1973 was \$1.842 a pound. That price dropped to \$.618 a pound last year with the dollar at equal value.

According to Minister Lira, this is due to major structural changes in the copper market, resulting, among other things, from the decentralization of the industry and the reduction of the level of vertical integration of that industry because of the nationalizations, which disconnected production from the other processing phases. In addition, there has been a drop in the rate of growth in copper consumption, which went from an annual rate of 6 percent between 1954 and 1964 to 3.3 percent between 1964 and 1974, reaching the alarmingly low rate of 1.6 percent in the past decade.

Different reasons explain this picture: the weak growth of the world economy in recent years; the decline in the use of copper in developed economies because of the substitution of aluminum, plastics, optical fibers; and the total elimination of copper from wireless communication. Furthermore, contrary to what one normally assumes, copper is not an entirely nonrenewable raw material due to the high percentage of recycling and the use of scrap in the copper industry.

The picture described does not promise substantial improvement in the future and levels of consumption will probably not experience significant changes. For this reason, analysts agree that one should not expect annual rates of consumption of over 2 percent over the next 15 years.

The government has therefore worked out a long-range strategy that would take advantage of the comparative benefits of our copper industry, maintaining current production levels and developing profitable projects that would enable it to meet future demand under advantageous conditions. This should be possible by maintaining the progress achieved in levels of competitiveness and production capacity at costs far below the world average and in the productivity of labor and the modernization of equipment and processes. In addition, Chile and other copper producers must step up efforts and research aimed at promoting new uses of the metal, assuring the industry of relative stability in the years to come.

11,464

CSO: 3348/207

CHILE

BRIEFS

2 NEW AF GENERALS--The Chilean Air Force announced yesterday that Air Force Col Jorge Massa Armijo and Col Enrique Fernandez Cortes had been promoted to the rank of brigadier general of the Air Force. In addition, Brig Gen Vicente Rodriguez and Brig Gen Caupolican Boisset Mujica have been promoted to the rank of Air Force general. General Jacobar now serves as minister of transport and telecommunications. General Rodriguez is commanding officer of the institution's Personnel Command and General Boisset is head of the Aeronautics Industrial Complex, which has its base of operations at the El Bosque Air Base. The makeup of the 1986 High Command will be made known in the days to come. [Text] [Santiago EL MERCURIO in Spanish 19 Oct 85 p C7] 11,464

RENEGOTIATIONS AID SMALL DEBTORS--Thanks to a new plan officially announced yesterday by Minister of Finance Hernan Buchi, 200 billion pesos is the sum of money that could be renegotiated. The plan would help some 90,000 persons with unpaid debts to the banking system of under 10 million pesos. Buchi noted that the purpose of the program is to examine the debt renegotiating policy case by case, and he added that the total amount of unpaid obligations is approximately the figure mentioned. Buchi spoke of the plan in a private speech yesterday before the 99 members of the Economic and Social Council (CES), on the final day of the meeting of the Council, which advises the president of the republic. The minister emphasized that economic officials do not support massive renegotiations, a mechanism used exclusively when necessary in an emergency, but that they do favor the system of individual negotiations between banks and debtors. In order to achieve this purpose, the process of a case-by-case examination will be promoted by making the standards of the Banking Superintendency more flexible, thereby helping to find solutions for small debtors. This category includes those owing less than 10 million pesos. [Excerpt] [Santiago EL MERCURIO in Spanish 15 Nov 85 p C-2] 11,464

CSO: 3348/207

COLOMBIA

BANKERS FORM GROUP TO STUDY DEBT RESTRUCTURING

Bogota EL ESPECTADOR in Spanish 5 Sep 85 pp 1-A, 7-A

[Article by Dario Fernando Patino]

[Text] Colombian banks have agreed to form a kind of union or consultants group to begin the process of refinancing the debts of private national companies under terms established by the government in measures adopted last 7 August.

The bankers union will be similar in its function to one formed in the United States to solve the problem of the foreign debt in Latin American countries.

Nearly 200 national companies owe the local financial system some \$220 billion and there are doubts about the chances of collecting \$160 billion of this amount, since it is already a year past due.

On 7 August, the government issued Monetary Board Resolution 52, which offers resources to companies and banks for conversion into capital at such time as they reach agreements for restructuring those debts.

Subsequently, on 28 August, the government declared additional measures which met most of the objections raised by the Bankers Association and the Industrialists Association. These resolutions have established ways of facilitating the participation of interested parties in this process.

The Bankers "Pool"

According to reports received by this newspaper yesterday, the major local banks have agreed to reschedule these debts jointly, thus attempting to give added flexibility and security to the process.

Each bank will draw up an inventory of its debtors and submit a list of the 50 companies it considers viable, that is, those that could be granted additional loans and extensions on repayment.

It is acknowledged that a particular company might appear on several lists, so the bankers have agreed to study each company's situation separately.

This means that every company that is heavily in debt will have its own consultants group--or creditors committee, or bankers union, or whatever one wishes to call it. Logically, the largest creditor will have the best information about the company involved and will act as leader of the group.

The Bankers Association (ASOBANCARIA) will coordinate and monitor the various operations.

The program to be implemented is similar to one presently operating with Latin American countries that are restructuring their debts. Colombia, for instance, has a consultants committee composed of 14 banks and headed by the Chemical Bank, of the United States, which is the institution to which it owes the largest debt. This group analyzes only our case and decides what should be done about Colombia's debt, a decision that should be shared by the rest of the creditors.

Consensus

Financial sources consulted by EL ESPECTADOR claim a consensus already exists among the banking system that the latest measures issued by the government should be put into practice.

Initially, these same people had voiced objections to the resolutions and warned that the banks would become large holders of stock in the debtor companies.

A Monetary Board resolution issued last week acknowledged that the agreement need not unite all of the creditors, and that this was barely feasible with banks, financial institutions and commercial lenders.

The bankers said they believed that now that this step has been taken, "the problems of many sectors of the economy will be straightened out with the Monetary Board's new measures."

The plan has also been termed a means of salvaging the nation's economic system.

Resolution 52

Resolution 52, the implementation of which will be agreed by the banking pool, states that the Banco de la Republica will grant loans to banks, financial corporations and commercial lending companies in two cases. First, if they capitalize, the credit will amount to 20 percent of the capitalized debt, to be repaid at low interest rates within a maximum of 12 years.

Secondly, if credits are refinanced, the percentage of the loan will depend upon the rate of interest worked out in agreements with the companies, provided the term of repayment be not longer than 5 years, 2 of which would be considered grace years.

As a requisite, the government has mandated that financial middlemen earmark any profits obtained under agreements with companies not covered by this

resolution to provide reserves for portfolio and investments and to increase their capital before December 1988, in amounts commensurate with the credits received.

Yields Not Paid

While the bankers stated their intention of joining the refinancing plan, they voiced their disapproval of the fact that the official entities in which they are required to invest do not pay interest rates commensurate with their earnings.

At the present time, the entire national banking system has \$84.975 billion in funds frozen at the disposal of the government. Mandatory investments must be made in new low-income housing bonds yielding 20 percent, Class B housing bonds at 12 percent, agrarian bonds at 4 percent, national internal debt bonds at 8 percent, Central Mortgage Bank certificates at 18 percent and agricultural incentive certificates yielding 15 percent.

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CSO: 3348/954

COLOMBIA

UNEMPLOYMENT RATE RISING FASTER IN BOGOTA THAN OTHER CITIES

Bogota EL SIGLO in Spanish 5 Sep 85 p 10

[Article by Arturo Menendez Vall-Serra]

[Text] Faced with a growing number of unemployed workers and steadily declining income due to increases in prices for basic family marketbasket items, the new Labor and Social Security minister, Jorge Carrillo, took office.

The effort to step up the creation of new jobs to absorb the growing pool of available manpower is not solely the responsibility of the labor Ministry--marked by serious social conflicts in this country. It also belongs to the economic team as a whole, which is responsible for spurring the development of new jobs, and to the private sector--presently the only sector that could actually expand the number of employed, given the solution of certain problems of a legal nature.

Due to the fiscal crisis, the national government--formerly the most important source of work which alleviated unemployment to some degree--has exhausted all possibilities for establishing new positions. This makes it necessary to seek other alternatives that will guarantee a massive increase in job opportunities within a relatively short time.

Recent figures released by the National Statistics Administration on employment and unemployment in the nation's four largest cities, comprising 42 percent of the urban population, show a steady growth in the economically active population as against slow growth in the number of available jobs.

For example, during the last 6 months, for every 100 new job seekers, only 29 found employment, while the remaining 71 entered the growing ranks of the unemployed.

Undeniably, there has been a modest response to the need to absorb the growing working-age population into the labor force. However, it is also obvious that this effort has fallen far short of the need.

Over a 2-year period, from June 1983 to June 1985, 306,070 new jobs were created in the nation's four largest cities.

At the same time, 152,218 people--in addition to those already unemployed as of June 1983--failed to find jobs. The number of unemployed totaled 541,608 by the end of June 1985.

Initial calculations based on data from 4 cities--Bogota, Cali, Medellin and Barranquilla--show a total of 1.25 million unemployed in the nation's capital municipalities.

For example, during the past 6 months, in Bogota, the city most affected by unemployment, there were three new unemployed workers for every one holding a job.

In fact, the number of jobholders rose by only 4,918, versus an increase of 18,503 in the number of unemployed.

If the last 6-month period did not appear promising for creation of new jobs, except in Medellin, the months immediately preceding it were no better.

During the past few years, Bogota increased its available number of jobs by 162,911, while the number of unemployed grew by 100,547; in Cali, 103,060 new positions were created, while the number of its unemployed during the same period rose by 35,248; Barranquilla provided almost as many additional jobs as it had new unemployed workers, with 29,423 new jobs and 20,082 additional persons seeking employment.

CPI and the Work Force

The rise in the consumer price index has necessarily had a marked effect on the growth of the economically active population.

The decline in family income, due to price increases for food and public services and to a policy oriented toward restricting consumer buying power, has forced additional members of the nuclear family to seek ways to add to the family's income and maintain its members' purchasing power, at least modestly.

When an economy suffers a period of sustained inflation, rising unemployment can be expected as a result. This is because the number of job openings--even during periods not marked by few new employment possibilities--is smaller than the increased numbers of the economically active population who are trying to maintain their real income.

A somewhat exaggerated example serves to illustrate the aforementioned assertion. To support 10 people in a typical household, 5 people work to earn a certain income that will meet their basic needs. With a 20 percent inflation rate, now 6 people rather than 5 must work to maintain the same income and meet the needs of those 10 persons. And like that sixth person, many new people are now seeking jobs. Given the recessionary situation affecting the generation of new positions, only a very small number of them find employment.

Some Solutions

Although it is also a matter of concern to professionals and technical workers, unemployment affects the lowest-income and least-educated groups in particular. Because of this, the cities are virtually inundated with all sorts of legal and illegal activities by which the people are seeking some means of subsistence.

Creating jobs nowadays is not only costly to the industrial, service and governmental sectors, but it presents longstanding problems that, according to company executives, limit the possibilities for expanding the number of positions.

However, emergency legislation to modify hiring conditions could help to solve part of the problem, at least temporarily, until the economy stabilizes.

Requiring fare collectors on city buses--an area in which unemployed workers have constituted a significant breeding-ground for street protests and bus burnings; requiring 24 hour-a-day elevator operators who could offer greater security to apartment dwellers and office workers; measures such as these would not solve the unemployment problem, but they could help alleviate it and would provide a solution for the thousands of people--for we must recognize that there are that many--who are desperately seeking some form of subsistence, legal or illegal, due to the lack of job opportunities.

There are other possibilities like the ones mentioned above, such as employing special hiring procedures to provide cleaning and sanitation in cities where the official agencies in charge are incapable of doing the job. These kinds of solutions would give temporary relief to the families of the unemployed in a social emergency such as the one we face at present.

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COLOMBIA

MANUFACTURED METAL PRODUCTS IMPORT SUBSTITUTION URGED

Bogota EL SIGLO in Spanish 31 Aug 85 p 12

[Text] The metal products manufacturing industry has a long way to go before it can replace imported metal products now on the market. Nearly 40 percent of importations into Colombia are of manufactured metal products, among them consumer durables, capital goods and various replacement parts and components.

This nation imported \$2.069 billion worth of manufactured metal products in 1983 and \$1.362 billion worth in 1984.

In a period of heavy foreign exchange restrictions and high indices of plant idleness--and given the available supply of domestic and imported steel--it is imperative that steel-using industries commit themselves to manufacturing a greater share of the total national production. Thus, the goal should be to produce domestically part of the consumer and capital goods, parts and components the nation has been importing.

Is the national industry aware that from January to April, 1985 this nation imported \$399.5 million worth of manufactured metal goods?

Note the distribution of those imports:

January-April 1985	Millions of Dollars
Boilers, engines, appliances and mechanical equipment	180.5
Automobiles, tractors, mopeds and other land vehicles	107.3
Electrical and electronic machinery and equipment	57.9
River and ocean navigation	10.8

January-April 1985

Millions of Dollars

Aviation	8.8
Photographic, cinematographic, optical, medical and precision instruments and apparatus	26.3
Tools and cutlery	4.3
Railroad cars and equipment	0.9
Products manufactured from various common metals	2.7

Total \$399.5 million

The national industry should aim toward a gradual substitution of domestically-manufactured goods for these imported products. If it could replace just 20 percent of these imports with domestic goods, Colombia would save \$250 million a year in foreign exchange and produce a corresponding amount of total assets. This would translate into additional jobs, resulting in greater total demand, a factor that is basic to a nation's economic and social wellbeing.

8631/12948

CSO: 3348/954

CUBA

PCC CONGRESS, CITY SERVICES DISCUSSED AT HAVANA PARTY ASSEMBLY

Havana BOHEMIA in Spanish No 41, 11 Oct 85 pp 45-47

[Article by Ilse Bulit]

[Excerpts] It was a veritable shower of questions and answers between Fidel and the communists participating in that continuous give-and-take between the commander in chief and his people. Through this dialogue, the questioner adds to his information and updates his own file, while the person questioned learns the art of Fidel's dialectical, logical method, that direct approach to problems, that cornering of subjective factors distilled from objectives, along with the frank and optimistic way of speaking of the Cuban once a rebel, now an internationalist.

Thus it was that the 11-hour-long party assembly in Havana City Province transpired, in a fraternal atmosphere, with the acuteness of criticism and self-criticism crowned by an organized analysis of the most burning issues of the metropolis.

Jorge Lezcano, confirmed as first secretary of the party in Havana City Province, headed the discussion of the Central Report in which Fidel spoke at the most timely moment. The experience gained from these years of militant life surfaced in the organizational quality. The discussion revolved around three points which without a doubt summed up the fundamental concerns of this city of over 2 million inhabitants, where the most important party, government and state organizations are located:

- 1) party work in terms of economic efficiency, within the framework of the economic war of all the people;
- 2) party work in terms of the quality of services; and
- 3) the political and ideological work of the party and its influence on our society.

Lezcano expressed the desire of everyone. Speeches dealt with those aspects of concern to everyone.

He emphasized that it cannot be denied that despite economic limitations, our party and government are allocating substantial resources to meet the most vital needs of the people and that, in the case of services in general, the subjective element is connected with inefficiencies. Concerning

ideological aspects, he asked for a more thorough analysis of the obstacles of excessive bureaucracy and routine, which we must combat.

Various important issues were debated, in addition to those approved without any need for special observations. Among them were:

the drafting of efficient, rational projects taking the national geography into account;

stabilization of the collection of scrap metal, to save on imports;

continuation of the installation of hydrometers and water collection, a measure more educational than economic aimed at increasing awareness of conservation; the need to move forward with the necessary infrastructure, ranging from the stabilization of spare parts to better organization of the work of inspection and collection in the domestic sector; special attention to national enterprises, which, along with public services, are the ones that waste the most;

shortening the repair time of ships at our shipyards;

expansion of the establishment of complete teams, inasmuch as there are definite examples of their success, based on the combination of individual interest with the social interest in this province, where there is a shortage of labor;

priority to construction of the El Gato water main, which will supply water to future industrial facilities;

total government and party understanding of the interrelationship of scientific research with its practical execution in the field of production and services to the public;

better quality in the educational process, since suitable conditions have been created in recent years;

the struggle to ensure stability of cadres in commerce, the food industry and services; and

conclusion of the reorganization of the artistic sector, which will only improve the artistic and cultural quality of what is offered to the people.

After the election of the provincial committee, the Executive Bureau and delegates to the Third Congress, Fidel expressed his conclusions.

The commander in chief emphasized that "it would not be incorrect to say that throughout this process, nationally and especially in Havana City Province, there has prevailed an optimistic spirit, enthusiasm and a certain satisfaction based on the facts."

He observed that there are objective successes that can be seen, but that we are also aware of deficiencies. "This Central Report does not in the slightest conceal any deficiencies we have. I believe that we must be optimistic, not

only because of the successes, but because we are very aware of any failings that remain and know that we are not going to rest on our laurels."

Fidel said that "this assembly and assemblies throughout the republic have reflected the effort being made by our country in all fields, the effort in the search for economic efficiency and defense, which are the basic pillars. One can see the application of the policy agreed upon by party leaders at the end of last year, for the purpose of increasing efficiency and optimizing our efforts. One must say that the central organizations have worked intensely. The Central Group, formed at the end of last year in order to redraft this year's plan, the 5-year plan and the prospective plan and which has been working throughout 1985 under the direction of comrade Osmany Cienfuegos, has made an enormous effort and the central organizations have made an enormous effort as well."

In his speech, Fidel also emphasized that the support of the masses and, above all, the support of the party has been a fundamental factor. He observed that in all assemblies throughout the country, one could observe greater awareness of all party members of economic problems and the need to conserve human and material resources and seek efficiency in all production and services.

He then said: "We must not only try to resolve existing problems, but in addition, we must never lose sight of the future. I believe that never before, in the midst of a great world crisis, has the revolution made such a rational effort as the one it is now making, such as the one we can continue to make in future years, with all of our experience and with tremendous organization and strength."

He said that this greater effort being made by the country has been reflected in the assemblies, creating excellent conditions for the congress, which will be a great congress.

"Our congress is not, in a manner of speaking, yet to be held, but has, rather, been in process ever since the rank and file--at every meeting of the cells, municipalities and provinces--began preparing for it. What we shall have in the end is the culmination of a long process.

"The congress does not take place in 4 or 5 days; it is taking place now and doing very well indeed."

"I have been very impressed by the assembly. With the new method, the new style, little time is wasted and debate goes on. Naturally, the issues analyzed here, that could be analyzed here, would require 3 days."

"We shall not believe -- far from it -- that we have analyzed all the problems. We have seen some that have served to demonstrate the progress and future effort we must make in order to continue to improve upon our work. A revolution is a project that must be constantly perfected."

Fidel explained that we now face problems not even dreamed of at the beginning of the revolution. "They are new problems, the results of our own development and that path is infinite. It is a continuous march."

He said that the speeches at the assembly were very good, and not only those by delegates. He emphasized that the speeches by guests in particular were very good.

"The dozens of questions I asked have received specific answers and when some comrade could not give an answer, it was given by another and when, for example, the comrade from the Glass Combine could not tell me the exact number of workers involved in production at that factory, comrade Marcos Portal immediately said how many workers were involved in production and had all the information, the complete brigades. I could give the example of several comrades here who have given excellent answers and have shown complete mastery of the topic."

In conclusion, he said that "this assembly and this process, culminating in this party assembly in Havana City Province, are the best process and the best assembly that I have seen to date. I congratulate you all very sincerely and share with you your joy and optimism."

11,464

CSO: 3248/87

CUBA

CADRE CONCERNS, OTHER ISSUES SUBJECT OF GUANTANAMO PARTY MEETING

Havana BOHEMIA in Spanish No 41, 11 Oct 85 pp 47-48

[Text] Guantanamo also held its assembly, presided over by Raul, who, along with a working team from the Central Committee, had visited the province.

Just as at the other assemblies already reported upon, delegates fulfilled their rights and duties as members in an effort to transform conditions in a positive manner.

Feliciano Hernandez, Jose R. Capetillo, Aquiles Machado, Vicente Ribeaux, Elba Leyva, Anelio Sierra, Emigdio Leon, Juan Elizastegui and Maria Catalina Leyva took up the question of the age of cadres, the need to give more attention to the training of replacements, to promote more women to leadership posts and to ensure the continued service of professional and technical cadres beyond their mere "social service" so as to provide stability. Also mentioned was the need to improve the living conditions of cadres in municipalities so that the latter will not be tempted to move to the capital of the province, or of other provinces, or of the nation.

The assembly resolved to make the Ministry of Higher Education aware of the need for constructive development of the university branch in Guantanamo so that the latter might face the limitations of our scientific and technical development, particularly in the agricultural sector, and so that the territory might better be able to meet its specific needs more effectively.

The speeches delivered made it clear that the territory would be defended to the very last man or woman. Nevertheless, an appeal was made to improve the role of members in units of the MTT [Territorial Troops Militia] and defense areas.

Jorge Risquet Valdes, member of the Politburo, drew the conclusions, referring to the tour made by Raul with the working team from the Central Committee and noting that such tours have enabled the country's high leaders to make direct contact with the masses. He added that this group of comrades joyfully participated in the official opening of new projects demonstrating the nation and province's effort to accelerate the forward progress of Guantanamo, given its comparative backwardness with other provinces.

After a favorable thorough analysis of the Central Report and the 223 work objectives contained in it, Risquet said that it was a complex and difficult plan that "you have imposed upon yourselves as a goal to be achieved, but one that is in keeping with the effort required to transform the province based on two major natural obstacles: dryness and salinity, and one negative fact of an economic and social nature: the exodus of the people from the mountains."

Finally, he stated that the readier we are to defend ourselves, the more the enemy will have to think and that if the latter should launch an ill-conceived, senseless attack on our land, "these heroic lands will once again burn under the feet of the invaders, turning into a tomb for the Yankee soldiers, and the communists of Guantanamo, leading all the people, will fight with heroism and intelligence until victory."

The delegates confirmed Raul Michel Vargas as first secretary.

11,464

CSO: 3248/87

CUBA

WINTER CANE PLANTING BEHIND SCHEDULE, 'WORRISOME'

Havana BOHEMIA in Spanish No 43, 25 Oct 85 p 57

[Article by Raul Lazo]

[Excerpts] By mid October, only 55 percent of the total winter cane planting schedule had been completed on the national level. The provinces furthest ahead are Guantanamo, with 89 percent, Santiago de Cuba, with 84 percent, and Pinar del Rio, with 80 percent.

Seven provinces, led by Sancti Spiritus with the extremely poor score of 39 percent, are still below the national average with their winter planting. Matanzas and Granma show an anemic 40 percent, followed by Ciego de Avila, with 45 percent, and Villa Clara, with 47 percent.

A total of 76 percent of the new cane has been fertilized as scheduled, with nearly 5,038 caballerias [1 caballeria = 33.2 acres] left to go. Guantanamo, with 45 percent, Holguin, with 59 percent, and Camaguey, with 65 percent, are the territories with the most work to do in this area.

Some 81 percent of the spring crops have been cleared of weeds, equal to a total of 12,000 caballerias. Six provinces are below this average, including Guantanamo (60 percent), Las Tunas (64 percent) and Santiago (67 percent), which show the worst results.

Some 84 percent of the winter crops have been weeded, with most of the work left to be done in the provinces of Las Tunas (61 percent), Santiago de Cuba (77 percent) and Guantanamo (75 percent). Cleared areas total 4,386 caballerias and those still in the process 827, or 16 percent. Light weeds covered 742 caballerias and light-to-heavy 77. Only Las Tunas and Granma had heavy weeds, although not in significant quantities.

By the end of September, 95 percent of the land was being cultivated, with 582 caballerias left to rotate, with about 70 percent of that area in the farm sector.

According to the decennial report from the Ministry of the Sugar Industry on basic agricultural activities, the causes of delays in areas to be rotated are: wetness in Villa Clara, Matanzas, Granma and Camaguey; failure by the farm sector to do the work in Matanzas and Camaguey; and areas involved in local consumption in Havana.

In this general picture of work to be done in the current phase of the cane crop, the low rate of completion of only 55 percent recorded by the winter planting is of extreme concern.

For one reason or another, in recent years, our sugar mills have not always had the necessary quantity of cane which would permit, and at the same time demand, maximum use of their installed capacity.

Not one hectare less than what is scheduled can fail to be planted, even if the cane is not milled in the next season. We cannot set up a strategy of work thinking that what we put off now we can make up tomorrow. Especially in agriculture, such hopes are almost always drowned by the rain, buried in mud or baked by drought. Going strictly by the schedule for each phase is the only way to ensure the volume of cane enabling us to have better and more profitable harvests. All the material, technical, organizational and mobilizational conditions must be marshaled so as to ensure the successful conclusion of planting each season of the year, whether it be spring or winter.

11,464

CSO: 3248/87

MEXICO

SOME PRI FIGURES URGE LIMITS ON FOREIGN DEBT PAYMENT

Export-Linked Payments Recommended

Mexico City EXCELSIOR in Spanish 5 Nov 85 pp 4-A, 32-A

[Excerpt] Yesterday, Senator Celso H. Delgado confirmed that the Institutional Revolutionary Party [PRI] is in favor of "establishing a ceiling" for the payment of interest on the foreign debt, based on "a percentage of the income originating from exports of goods and services."

He acknowledged that this notion is expressly included in Article 49 of his party's Declaration of Principles, approved at the 12th Assembly, adding that it is a commitment on the part of those who signed these premises to see to it that all the terms thereof are fulfilled.

The aforementioned article notes that the restructuring of the debt should be arrived at "on the basis of setting a ceiling for payment of interest and principal, expressed as a percentage of the income originating from exports of goods and services; so as not to limit priority imports for national development, nor to exceed the capacity for payment."

The senator from Nayarit admitted that this statement, in fact, deserved the approval of PRI leaders all over the country, and that, at the present time, the means for implementing it are being sought; because a declaration of principles represents "the premises which are the loftier mainstays that any political organization has."

He explained that the ones responsible for seeking fulfillment of the principles with regard to the foreign debt are the Mexican negotiators dealing with our creditors; in other words, the financial cabinet and, specifically, the secretary of finance. He added that the declaration of principles must at all times be the guide in the negotiations.

He emphasized: "The principles are what activate us, and we must gear our action toward them."

13 January 1986

Call for Moratorium

Mexico City EXCELSIOR in Spanish 9 Nov 85 pp 4-A, 29-A, 30-A

[From "Political Fronts" column by Guillermo C. Zetina]

[Text] PRI Calls for Moratorium In Quintana Roo

Yesterday in Chetumal, the PRI leader in Quintana Roo, Carlos Cardin, stated: "Mexico should declare a moratorium on the foreign debt interest for at least 2 years, so that the money saved may help to back reconstruction. The money collected to date does not represent even 20 percent of the total that will be required to repair what was damaged by the earthquakes," reports correspondent Raymundo Martin.

Cardin also noted that, in fact, "The national reconstruction must be reckoned in dollars because, for example, the expensive medical equipment and other projects must be paid for in that foreign currency." The PRI leader in Quintana Roo claimed, furthermore, that Mexico has been suffering from serious commercial blockades on the part of the United States. He cited the examples of coffee and sugar, because campaigns are being conducted in that country against consuming them, and to replace them with tea and honey.

Opposition From IEPES Head

Mexico City EXCELSIOR in Spanish 12 Nov 85 pp 4-A, 21-A, 38-A

[From "Political Fronts" column by Guillermo C. Zetina]

[Text] Intolerable Not to Pay the Debt

The director of the IEPES [Institute for Political, Economic and Social Studies of the PRI National Executive Committee], Angel Aceves Saucedo, remarked: "The spurious option of declaring a suspension of payments in a unilateral, voluntary manner, which would entail real costs and risks that would invalidate the advantages of adopting it, is intolerable."

He noted that the importance of the debt stems from what is done or not done in this regard: "It will determine to a large extent the future of the nations and of the relations between them, and the possibilities for a new international order."

Moratorium Called Destabilizing

Mexico City EXCELSIOR in Spanish 14 Nov 85 pp 4-A, 24-A, 28-A

[From "Political Fronts" column by Guillermo C. Zetina]

[Text] No Moratorium: Puebla PRI

Yesterday, the PRI leader in Puebla, Guillermo Pacheco Pulido, commented that the moratorium on the payment of the foreign debt proposed by certain leftist political parties "is a deleterious, destabilizing idea."

He said: "It is the current regime's policy to deal with national problems on the basis of popular consensus and backing of the majority which, at the present time, is in favor of seriousness in the commercial operations that Mexico has contracted with other countries; and never on behalf of positions tending to destabilize the country's economic and financial structures."

He considered negotiations essential, noting that there is a distinction between saying "I will not pay" and "I lack the means for paying you," the latter situation being the one that Mexico is experiencing. Pacheco explained: "We are in a moratorium in that we have not paid a debt nor its moratory interest; but there is a great deal of difference between that and the political moratorium which some wish to inject into the economic viewpoint."

2909

CSO: 3248/98

NICARAGUA

PSD LEADER ON SHRINKING POLITICAL SPACE

San Jose LA NACION (NICARAGUA HOY supplement) in Spanish 2 Nov 85 pp 1C, 3C

[Interview with Dr Luis Rivas Leiva, secretary general of the Nicaraguan Social Democratic Party, by Pedro J. Chamorro B.; date and place not given]

[Text] The secretary general of the Nicaraguan Social Democratic Party, Dr Luis Rivas Leiva, granted the following exclusive interview to NICARAGUA HOY shortly before leaving for South America, where he will meet with the foreign ministers of the so-called "Contadora support group."

[Question] For 3 years, while the dictatorship has become more repressive, you and other opposition political leaders have maintained that the political space in Nicaragua is becoming narrower. In view of the recent repressive measures adopted by the Sandinist military dictatorship, what further measures does the government need to take before you and other leaders come to the conclusion that the political space has finally disappeared?

[Answer] Certainly, the political space in Nicaragua is obviously being reduced daily, giving the impression that the Sandinist Front much prefers military confrontation to the negotiated solution we proposed.

Our organizations are subjected daily to systematic repression and almost unbearable coercion. It is very difficult to develop any civic activity under those conditions.

Political pluralism is sustained by freedom to organize, assemble and communicate, and all these freedoms have been trampled upon by the Sandinist Front, a humiliation which has been legalized by the promulgation of the recent State of Emergency.

In spite of this, however, those of us who have faith in our struggle are convinced that we must make heroic efforts to try to broaden the tiny crack of political space which the Sandinist Front cannot close, due to international vigilance and the need to project a certain image which is very necessary to the achievement of its other objectives.

Our mere presence in Nicaragua constitutes, in itself, a stimulus for our people, a hope for the democrats, and it is the voice of a nation that has been forced to remain silent.

In spite of everything, if we fail in our attempt, and our efforts do not have the results we hope for, we have contemplated the possibility of closing our organization and dedicating ourselves, inside Nicaragua, to private activities to provide a living for ourselves.

[Question] Contadora has been the object of considerable praise, but its critics have also been plentiful. In your opinion, if Contadora has been successful, what is the success that justifies the praise, and if it has failed, why do you believe it has failed, and what comes after the mediation process?

[Answer] Contadora played an important role in its time; it was a hope for those of us who believe in political solutions within the framework of the patriotic struggle. That is why the internal opposition in Nicaragua supported it, in spite of knowing its great limitations--a product, in part, of contradictions among the members themselves and, in part, of the lack of coercive mechanisms inherent in its own makeup.

What Contadora really did is demonstrate that the Sandinist Front lacks the will to encourage a democratization process in Nicaragua, and that only with great reluctance will it give up its arms race and get rid of the thousands of military advisers who are in Nicaragua.

And after mediation? That is easy to see: the resurgence of the civil war, which with some luck could lead to a political settlement that the Sandinistas would be forced to accept, in spite of the fact that this would mean renunciation of their plans; however, it would give them the opportunity to remain in power.

[Question] What is the purpose of your upcoming meeting with the foreign ministers of the member countries of the so-called "Contadora support group?" What will you tell them?

[Answer] I will tell them of our support for Contadora, but let them see that the most important thing is the urgent need to democratize Nicaragua, as the only means to achieve peace in Central America. And that that peace can only be achieved through a national dialog among the Nicaraguan people, including, clearly, those who have taken up arms.

Another goal is to let them know, in no uncertain terms, the great limitations to which our political, business and trade union groups are subjected.

Also, to explain why Nicaraguan democrats did not participate in the Sandinist elections held on 4 November 1984 and the reasons why we feel that those elections were not democratic, free or honest; also, how the FSLN [Sandinist National Liberation Front] prevented a large sector of the Nicaraguan people from participating.

[Question] Why do you think the Sandinist military dictatorship adopted a series of new repressive decrees, knowing the political cost, on the international level, of such a move?

[Answer] I consider these repressive laws, which have no apparent justification, a tactical move. The Sandinist Front has now launched a big military offensive, and with a growing political front and a disconcerted nation, it cannot divert or fritter away its energies on those matters.

In addition, the Sandinist Front is not willing to sign the Contadora Act, and it needs to put up some artificial obstacles which will permit it to avoid a commitment.

Finally, it is the political blackmail inherent in the Sandinist mentality which is trying to seek an agreement with the Americans, and that is why Ortega desperately sought an appointment with Reagan at the United Nations.

[Question] You are the leader of a young party, a party whose ideology is social democratic. Worldwide social democracy, organized under the Socialist International, generally supports the Sandinist military dictatorship vehemently. Whether your party is social democratic, leftist or progressive--whatever you wish to call it--why, then does it oppose the Sandinist Front, thus deviating from the line adopted by the IS [Socialist International]?

[Answer] We conduct ourselves according to our own criterion and in accordance with the conditions peculiar to our nation, within the framework of social-democratic thought, and there are many parties which belong to the Socialist International which support our conduct.

When one speaks of the IS and of its policy of supporting the Sandinistas, one thinks of the entire conglomerate, but in reality there is a minority which wields the political and economic power of that institution.

Actually there are three trends of thought within the IS: one which disagrees completely with the Sandinistas; another which gives them critical support, and a third which, to satisfy its leftwingers, supports the Sandinistas regardless of the harm they are doing to our nation. After all, we are thousands of kilometers away, and besides, this is how they satisfy their mindless anti-Americanism.

To balance these three trends and strengthen the positions of the first two groups which operate within the IS, we in Central America have founded SODECA (Social Democracy of Central America), which is attempting to become the voice of reform in the Isthmus.

[Question] Finally, you are a physician by profession, but now you are a fulltime politician. Do you see yourself in the near future, wearing your white coat and with your stethoscope hanging around your neck, giving a speech from a platform in Managua street during a presidential campaign?

[Answer] That depends on several factors. I love the medical profession and I have a vocation to service, but I also love my country very much, and I know that today, more than ever, it needs the efforts and sacrifices of its people to save it from the threat of communism.

I believe that if we finally succeed in establishing the foundations for a democracy, we can have freedom with justice. Then once again will I, as you say, "hang the stethoscope around my neck" and enjoy the smiles of our children and the unbridled joy in the faces of the mothers.

I much prefer to cure illness and save lives than to mount a platform and give a speech.

8735/12951

CSO: 3248/83

NICARAGUA

'CENSORED' SPEECH BY JESUIT PRIEST PUBLISHED

San Jose LA NACION (NICARAGUA HOY supplement) in Spanish 28 Sept 85 p 2C

[Text] A beautiful speech given on 14 September by Jesuit Fr Carlos Caballero on the occasion of the dedication of a library was censored by the Sandinist regime when he tried to publish it in LA PRENSA.

The library, which is near the "7 Sur" pharmacy in the Managua suburbs, was dedicated by the Conservative Party of Nicaragua on the aforementioned date and is named for the great Nicaraguan patriot, Dr Carlos Cuadra Pasos, father of poet Pablo Antonio Cuadra.

The censored speech was given by the Jesuit priest, Fr Carlos Caballero, a native of Spain and a naturalized Nicaraguan citizen, and in it he praised the character of Dr Cuadra Pasos, an eminent Nicaraguan historian and philosopher.

"It is not nostalgia which is dictating these words to me; it is devotion to and love for the master who taught me to love Nicaragua, the Nicaragua of the blue and white, which Don Carlos always hoped would be public square, library, school and market, where Nicaraguans might always converse with each other and be able to live side by side--a Nicaragua where no monologue is ever dictated, where there is never hunger, where the people are never suffocated, where nothing could ever be confiscated; a Nicaragua from which half its people would not flee because the free and abundant breezes, the constant stars and the beautiful ocean were lacking, as they are lacking now. Cuadra Pasos loved a single Nicaragua, but never a single party. He always wanted his homeland to be free, never fettered, forced and censored. He preferred a market place for private initiative rather than weapons and soldiers. He preferred dialog to multiplying committees of eyes and ears," Father Caballero said in his fine discourse, and he continued:

"Where dialog is lacking, said Cuadra Pasos, a vacuum is produced between the governing and the governed. And when this vacuum occurs, in any country, nation or fatherland; any Cuba, Chile, Union of South Africa, Angola, Russia or Nicaragua, one does not live; rather, one dies; one cannot breathe, one suffocates; one does not laugh, rather, one weeps; one does not advance, but rather retrogresses, because life itself has become a sin."

In another paragraph of his speech, Father Caballero asserted, "Today a totalitarian regime has turned its back on any capacity for dialog. Today a regime which is a copy of and sequel to that labeled 'iron curtain' by Churchill in 1946 has perverted the language with its 'double think' technique, which is the faculty of holding contradictory opinions simultaneously; thus this regime calls war, peace; lies, truth; torture, love; and hunger, abundance."

Father Caballero also mentioned the dialog of Martinez and Jerez; he recalled the fortunes of the priest Vijil, Walker's representative in Washington, who helped that freebooter, though "not necessarily with prophetic farts," and asserted later that through dialog Nicaragua would again be a republic in those days. In closing his speech the Jesuit priest said, "It is a legacy, my friends, left to us by a Nicaraguan who was an expert in humanism and a patriot, who during the last days of his life said to us with the energy of his heart and his arm, that hate will not be found among his faults, thank God, because he never poisoned his heart against a single person, nor against any Nicaraguan group, not even in the bitter and ferocious hour of the struggle."

"And that man, who loved dialog, who was master of his soul and a believer, in the last of his public speeches asked of those who follow either standard, those from both sides, a prayer that God may enlighten all of us who still believe in a free, brotherly and Christian Nicaragua. Today, for us Nicaraguans, that hope and that belief are a sign and a promise to the fatherland, as we dedicate this library here in this Conservative Academy to Dr Carlos Cuadra Pasos."

8735/12951

CSO: 3249/83

13 January 1986

NICARAGUA

LAWYERS ORGANIZATION FOUNDED IN MANAGUA, OTHER CITIES

Managua LA PRENSA in Spanish 16 Oct 85 p 7

[Article by Maximo Guillermo Alonso]

[Text] Leon--An important meeting of independent lawyers of this city took place on Friday, 11 October, at 2:30 pm at the Sergio Lacayo Dubon conference room at the INDE [Nicaraguan Institute of Development] chapter here. The meeting culminated in the organization of the Leon Bar Association, whose board of directors was elected in an atmosphere of real democracy in the presence of a delegation from the Managua Bar Association.

The opening speech was given by Dr Oscar Herdocia Lacayo, who called the session to order and then introduced Dr Alberto Saborio, delegate from Managua. Dr Saborio set forth the goals of the Nicaraguan Bar Association, of which all the departmental affiliates will be members. According to Dr Saborio, the Managua, Matagalpa, Esteli and Carazo Bar Associations have already been organized, and those of Masaya and Granada are in the process of being formed.

The delegation from the Managua Bar Association included Dr Alberto Saborio, Dr Roger Miranda and Dr Francisco Jose Aguado, who described the difficult situation of the legal profession, emphasizing that at the present time the authorities have little esteem for it.

The delegates agreed during the session to request a dialog with judges from the Supreme Court of Justice, along with those from the Appeals Court in Leon, to discuss the important problems they confront in the dispensing of justice, particularly with regard to cases which are pending, some of which have been awaiting decisions for 2 and even 3 years and still have not been settled.

After the meeting Dr Oscar Herdocia Lacayo told LA PRENSA that the chief purpose of the present Nicaraguan Bar Association is to establish respect for and free exercise of the legal profession and the dispensing of true justice, adding that he was pleased by the positive response of the lawyers in Leon.

The provisional board of directors of the Leon Bar Association is as follows: president, Dr Oscar Herdocia Lacayo; vice president, Dr Fresia Vanegas de Sampson; treasurer, Dr Jose Canales Palacios; secretary, Dr Jaime Mantilla Quintana, and spokesman, Denis Eusebio Mendoza.

It was reported at the meeting that the bar association is preparing an important seminar to study in depth the present laws, some which violate the Fundamental Statute on the Rights and Guarantees of the Nicaraguan People, and it was also indicated that a serious study will be made of the new constitution so that the association may give its opinion thereof.

8735/12948

CSO: 3248/81

NICARAGUA

STUDY SHOWS LACK OF EMPLOYMENT OPPORTUNITIES FOR WOMEN

Managua BARRICADA in Spanish 21 Oct 85 p 6

[Text] Why are so many women opting for the trade sector, rather than the production sector? What opportunities, really, are offered at present to women by the Revolution? How much does it cost to present a request for employment? What requirements are made of women for employment in any part of society?

These and other questions arise--many of them will remain without a clear answer--in a survey being made by the revolutionary government which throws some light on the therefore raises some concern with regard to the problems of the employment of women in Nicaragua.

The study demonstrated that most of the unemployed are women who, having little or no training, must be placed in low-paying jobs with the state or else swell the ranks of the informal sector.

On the other hand, training centers continue to believe that men are better suited to most jobs, and therefore the technical training courses are geared to train men.

Each time a new course opens, the National System for Professional Training (SINAFORP) solicits male workers to train as mechanics, electricians, carpenters, riveters, industrial supervisors and for other careers, where they might just as well choose women, or include in the study plans courses in kardex, administration, etc.

Some ministries have their own training centers. The Ministries of Construction, Health and Education are, to mention a few, among those which supervise the training of their own employees.

35 Applicants Per Day

The Labor Ministry, for example, has an applications office to which both the unemployed and prospective employers come.

An analysis of the activity of this office indicates that approximately 47 percent of the unemployed are placed in steady jobs in various branches of

of the country's economic activity. An average 35 persons per day visit the MITRAB [Ministry of Labor] seeking placement. The ministry, in turn, contacts the enterprises for notices of vacancies.

Nevertheless, the average effectiveness of the office is low. Eduardo Rivas Rios, head of applications and placement, pointed out that the ministry does not have all the information about the labor force and its need. This, he added, is also affected by the lack of training of the jobseekers.

Workers who are laid off when a business is forced to close because of lack of raw materials or other circumstances are generally relocated through intermediation in the production sector.

Determine Labor Needs

In addition MITRAB is making a study, through its regional delegations, by which it hopes to open a file of vacancies existing nationwide and to organize the labor force.

The survey, although it is not finished, indicates that there are 71,142 employees of the central government and 1,857 vacancies, including 610 for technicians. The study has not yet been started in the private sector.

Enterprises in the National Properties Area have vacancies for 3,368 laborers and 460 administrative personnel.

In the autonomous agencies such as INSSBI, UNAN [National Autonomous University of Nicaragua] and the National Financial System, there are 23,358 employees and 1,743 vacancies, most of which must be filled by technicians and professionals. They need 647 workers, 358 general service workers, 288 in administrative personnel, 343 laborers and 107 in management positions.

Sergio Vasquez, head of the labor force study, said that this program "is broad enough and seeks to manage the labor force so that needs may be determined in accordance with the country's actual situation."

He added that historically the labor force has been scattered and uncontrolled, and that this contributes to the current disorganization.

He pointed out that the policy of freezing jobs is flexible and that it is the respective agency that determines whether or not this is needed.

The survey will end early next year, and recommendations will be made and information systematically transmitted on the basis of the results.

Direct Labor Force to Production

The labor force in the informal sector will also be estimated and this labor force will be directed toward production.

One of the problems facing the unemployed is the cost of looking for a job. The enterprises or agencies require photos, which cost nearly 400 cordobas, plus birth certificate, police ID and a letter from the former employer, and after all these expenditures, job-seekers must submit to a process of selection which may or may not land them a job.

The Ministry of Labor does not regulate these procedures, and it is each enterprise which determines the initial requirements for the potential employee.

The job-seekers are for the most part women with little training and scanty resources who find the requirements difficult to fulfill, and many of them prefer to enter the trade sector.

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CS0: 3248/81

NICARAGUA

BRIEFS

HEALTH WORKERS QUIT--At least 1500 persons who were working in various jobs under the National Single Health System (SNUDS), have left their jobs in the last 30 months, it was charged yesterday by Gustavo Porras, secretary general of FETSALUD [Federation of Health Workers]. During an appearance before the National Assembly's Constitutional Commission the union leader said that in 1983 a total of 382 doctors, nurses and aides left SNUDS; in 1984 another 497 workers left, and a similar number of desertions was recorded during the first 6 months of this year. Porras emphasized the organization's concern about this situation and said that "it is extremely difficult" to define exactly the causes for these desertions. Many of them arise because of administrative problems--because of the attitudes of some officials--and other derive from the economic situation and the salary problem, he said. The union leader indicated that the great majority of the health workers in the country, especially those concerned with direct medical attention, have mixed work activities at the present time; that is, they work for SNUDS, but at the same time they also have jobs in the private sector. He added that of these, 70 percent are women who, because in almost all the cases they are mothers, have to support a large number of children, working the entire day and facing economic difficulties. Finally, Porras proposed to the Assembly that the Single Health System be raised to constitutional status, since it should regulate not only state medical activity, but also the private practice of medicine. [Text] [Managua BARRICADA in Spanish 8 Oct 85 p 1] 8735

/12951

CSO: 3248/83

PERU

REGIONAL SURVEY SHOWS GARCIA WITH 90 PERCENT PUBLIC SUPPORT

Lima CARETAS in Spanish 4 Nov 85 pp 12-15

[Text] They claim that the post-electoral honeymoon, that period of grace that is established between governors and governed immediately after an election, lasts 3 months, following which the ruthless decline begins. This Tuesday, the Aprista government will have spent 100 days in the government, and the drop-off has not yet started.

A poll taken by the Datum Agency in 11 capitals and major cities of the interior shows the young chief executive (who was animating crowds in Cusco over the weekend) at an average height of 90 percent approval for his administration (see front page); which would prove that the enthusiasm is at least not frozen.

To be sure, this figure relates to approval or disapproval of the president's administration, and has nothing to do with the chances of a new election. In 1980, Fernando Belaunde won with 48 percent, and in November he had 74 percent citizen support. Nevertheless, that same month Eduardo Orrego was elected Mayor of Lima with 38 percent less than FBT had attained a few months earlier.

Backing as extensive as Garcia is still receiving can only be explained by the expectations that he has managed to keep high amid a crisis of consequences as dramatic as has been proven by the implacable figures on whether those polled have experienced times when they lacked sufficient money to purchase the food that their families needed (see chart).

And it precisely on hunger that the president will speak during his forthcoming international testing in Rome, when he opens the 23d World Assembly of the FAO; an occasion that will give him a track for the long-distance race that he has undertaken in the nonaligned movement.

The same Datum poll proves that the backing is not merely for the orchestra director, but also for the whole group, represented by the head of the Council of Ministers, Luis Alva Castro, who received an average of 80 percent in the same 11 cities.

Although it is hesitant, some criticism slips out in the polls, for example, with regard to the degree of approval for the cancellation of the oil contracts

which Trujillo and Chiclayo hail with delight, but which the Amazon cities view with suspicion, since they feel that they are the beneficiaries of oil operations.

But, apart from the understandable lack of confidence, the well-founded fact disclosed by the polls is that the idea that the present government will improve the country's economic situation is present among the majority. The skeptics are far fewer, and the pessimists, who think that it will make it worse, are virtually out of sight.

In response to the concrete question: "do you think that the current government will improve your situation within a year?" the majority thinks so: Trujillo, 57.5 percent; Chiclayo, 85 percent; Piura, 75.7 percent; Puno, 56.3 percent; Tacna, 69.1 percent; Arequipa, 63.7 percent; Huancayo, 75.9 percent; Chimbote, 82.7 percent; Fucalipa, 70.5 percent; and Iquitos, 73 percent. The only department in which the enthusiasm declines is Cusco, where those who don't know and don't answer are in the majority, constituting 52 percent. In any case, there are more skeptics than pessimists. Or could it be a result of the comment made by the president about the tax in favor of Cusco?

The point is that the chief executive, after opening hospital expansion facilities in Lima, left for the Imperial City, where he headed many demonstrations and delivered resounding speeches: "It is not a time for laments, but rather for work and action," he stated in the main square. "Tupac Amaru cannot be merely a rhetorical element for the agitation of demagoguery. Tupac Amaru must be a commitment to action, and we are engaged in it."

At a time when we are expecting official confirmation of the downgrading of our debt to a depreciated value, it is also interesting to comment on a new poll taken by Datum in Lima, concerning our position with respect to the IMF.

"Do you think that the president will keep his word, or will he be forced to submit to the fund's measures?" was the first question in a specific poll in Greater Lima, including Callao. A total of 79.1 percent trust that he will keep his word, 10.3 percent think that he will submit, and 10.6 percent have no opinion.

On the other hand, when the issue was brought up in the following question: "Do you think that Peru should continue to be affiliated with the IMF?" the following answers were received: "38.1 percent think it should, 55.1 percent think not and 6.8 percent don't know or don't answer.

As for the countries that would back Peru in its decision to leave the Fund, the majority trust in Argentina: 47.9 percent; while 36.9 percent believe in Brazil; 15.3 percent, in Venezuela; 12.5 percent, in Colombia; 12.3 percent, in Bolivia; and 10.6 percent, in Mexico. The lowest percentages are received by the nonaligned countries (0.3 percent) and the socialist countries (0.7 percent).

Such is the public image of the government, upon reaching the cryptic 100 days, wherein Alan Garcia's fast-paced style, combining leadership with the

solution to immediate problems, opening fronts almost every day, in order to demonstrate his total autonomy, has managed to accumulate behind him the greatest citizens' support ever recalled in our history as a republic. His cabinet team has managed to keep apace with him, but for a few exceptions. The minister most remembered by the 2,311 persons polled is Luis Alva Castro, in 10 of the 11 cities polled. The exception is Tacna, where the one most remembered is Grover Pango, obviously from Tacna.

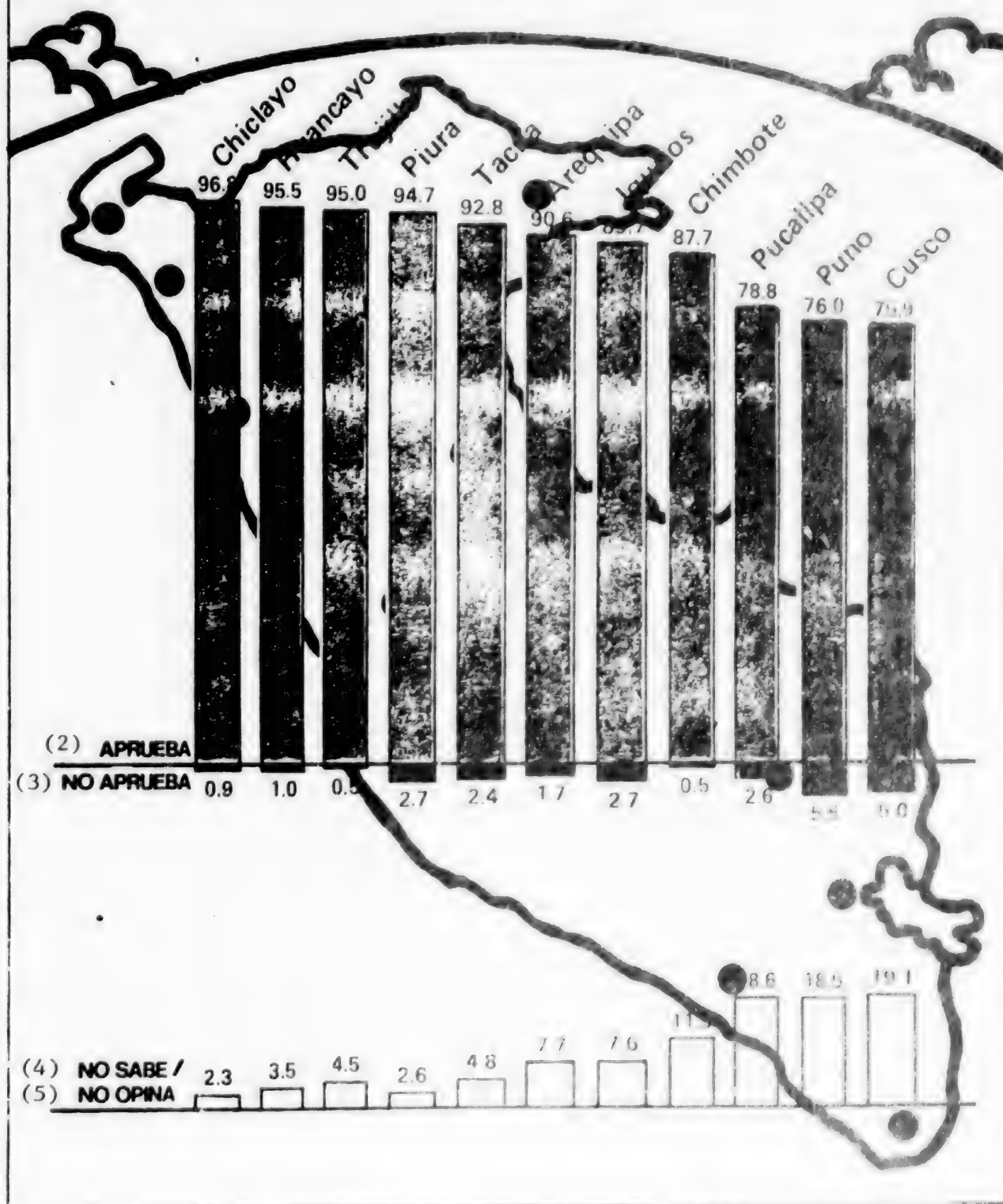
The difficulties are already being observed approaching; Alan Garcia has clearly noticed it. The path undertaken is not the most comfortable, but the one that has been left was not leading anywhere. This too carries its weight in the vote of confidence that the citizenry maintains with the government, despite the inconvenient freezes, the austerity imposed by the need to make careful use of our foreign currency and the discipline that it is being attempted to lend to a society used to more permissive systems of conduct.

In any event, much progress has already been made on the new path, too much to warrant looking backward. But there is no need for looking into the abyss either. Not because of the reaction to a decision of the famous Inter-Agency Committee (which is actually the mere technical observation of a situation proclaimed in advance by AGP himself) should we make hasty decisions, as has been rumored recently, in such delicate areas as the international one or the energy one, in search of a greater confrontation in which we shall stand alone unless we accept unwanted, self-interested support, as revealed by the query on the countries in which there is the most trust.

Key to Chart 1:

1. Do you approve of the administration that Alan Garcia has been carrying out as president, or not?
2. Approve
3. Disapprove
4. Don't know
5. No opinion

¿APRUEBA O NO LA GESTION QUE VIENE DESARROLLANDO (1) ALAN GARCIA COMO PRESIDENTE?



¿Aprueba o no la actuación del ministro de Economía, Luis Alva Castro?			
(1)	(2)	(3)	(4)
	Aprueba	No Aprueba	No sabe No opina
Trujillo	82.8	2.7	14.5
Chiclayo	84.1	2.3	13.6
Piura	84.5	3.5	12.0
Huancayo	79.4	4.5	16.1
Chimbote	87.7	0.5	11.8
Pucallpa	52.3	2.6	45.1
Iquitos	69.7	2.7	27.6
Puno	60.7	7.1	32.2
Tacna	71.0	1.4	27.6
Arequipa	73.9	3.0	23.1
Cusco	56.8	4.1	39.1
(5)			

Key to Chart 2:

LAC también tiene su corazoncito.

1. Do you approve or disapprove of the performance of the minister of economy, Luis Alva Castro?
2. Approve
3. Disapprove
4. Don't know/no opinion
5. LAC also has his little heart

(1) ¿CUAL CREE QUE SERA EL RESULTADO DE LAS MEDIDAS QUE HA TOMADO EL GOBIERNO PARA CONTRARRESTAR LA CRISIS?											
	Cusco	Trujillo	Piura	Puno	Tacna	Arequipa	Huancayo	Chimbote	Pucallpa	Iquitos	Chiclayo
Mejorará la situación económica del país (2)	62.3	78.3	83.2	77.0	87.6	77.3	78.9	85.9	76.7	73.0	86.8
Seguirá igual (3)	9.5	9.0	9.7	14.2	9.0	15.0	10.6	5.0	12.4	17.8	5.9
Empeorará (4)	0.5	2.3	1.8	3.8	1.0	1.7	1.0	--	2.1	3.2	0.5
No sabe/ no opina (5)	27.7	10.4	5.3	5.0	2.4	6.0	9.5	9.1	8.8	6.0	6.8
(6)											

Los optimistas son decididamente los más, seguidos por los que no tienen opinión. Escépticos hay algunos.

Key to Chart 3:

1. What do you think will be the result of the measures adopted by the government to check the crisis?
2. The country's economic situation will improve
3. It will remain the same
4. It will become worse
5. Don't know/no opinion
6. The optimists are definitely a majority, followed by those with no opinion; there are some skeptics.

¿Aprueba la decisión del gobierno, de anular (1) los contratos petroleros?			
	(2) SI	NO	(3) No sabe / No responde
Trujillo	84.2	10.4	5.4
Chiclayo	89.5	8.2	2.3
Piura	80.1	17.7	2.2
Huancayo	78.9	11.6	9.5
Chimbote	89.6	7.7	2.7
Pacallpa	47.7	49.7	2.6
Iquitos	66.5	28.6	4.9
Puno	82.0	6.0	12.0
Tacna	87.6	12.4	--
Arequipa	79.1	15.8	5.1
Cusco	87.7	12.3	--

(4) Las respuestas sobre el tema petrolero, más complejo, son matizadas.

Key to Chart 4:

1. Do you approve of the government's decision to cancel the oil contracts?
2. Yes
3. Don't know/no answer
4. The responses on the oil issue are more complex, with nuances.

¿Ha habido momentos, durante los últimos meses, en que usted no tenía suficiente dinero (1) para comprar los alimentos que su familia necesitaba?											
	Cusco	Trujillo	Piura	Puno	Tacna	Arequipa	Huancayo	Chimbote	Pacallpa	Iquitos	Chiclayo
Si (2)	91.0	63.8	79.8	88.0	57.1	68.8	71.1	81.1	77.7	73.0	75.5
No	6.8	36.2	29.2	12.0	12.9	30.3	28.6	12.7	21.2	24.9	24.5
No sabe/No responde (3)	1.1	-	-	-	-	0.9	-	3.2	1.1	2.1	-
Total	100 o/o	100 o/o	100 o/o	100 o/o	100 o/o	100 o/o	100 o/o	100 o/o	100 o/o	100 o/o	100 o/o
Base total de entrevistas (4)	(130)	(135)	(126)	(183)	(210)	(231)	(199)	(220)	(193)	(185)	(220)

El dramatismo de este sondeo de opinión no necesita destacarse.

Key to Chart 5:

1. Have there been times during recent months when you lacked sufficient money to purchase the food that your family needed?
2. Yes
3. Don't know/no answer
4. Total base of interviews
5. The dramatic aspect of this opinion poll need not be underscored.

2909

CSO: 3348/197

PERU

RELATIONS WITH NEIGHBORS SHOULD HAVE HIGHEST PRIORITY

Lima CARETAS in Spanish 4 Nov 85 p 20

[Article by Manuel D'Ornellas: "Close or Open Doors?"]

[Text] There is a movement within Alan Garcia's government that would like to take advantage of the situation created by the American decision to declare Peru's foreign debt a "depreciated value" so as, on that basis, to force a radicalization of our foreign policy.

The first step in that direction would be the formal recognition of the communist regime in North Korea; the second, the appointment of an ambassador to Havana.

The first victim of this radicalization would be the opening toward our neighbors in search of a trilateral disarmament, started by Foreign Minister Allan Wagner Tizon. The ruling regimes in Ecuador and Chile would have a wonderful excuse to reverse themselves on this point, which is vital to Peru. We would gain friends in Pyongyang, and we would procure a benevolent smile from Fidel Castro, in exchange for losing the regained confidence of Quito and Santiago

Hence, beyond ideological contamination, it is a matter of keeping a scale of priorities in effect: first, the neighbors; next, Latin America; third, the United States and the Soviet Union, the two superpowers; and the Third World. When these gradings are not upheld in the Ragle Tower, those around us become uneasy. This was what happened during the Velasco dictatorship, and what was shown graphically in the fiasco of the Ayacucho sesquicentennial meeting; a gathering which four South American presidents did not attend (in 1974).

The Foreign Ministry must, therefore, concentrate on concluding agreements for complementation and disarmament with Chile and Ecuador, before undertaking to open unnecessary fronts. A good relationship with our neighbors would also be the best means for positively confronting the American pressure that might be felt in the future; an endeavor to which the North Koreans or the Cubans would contributing little or nothing.

The decision to reduce the purchase of Mirage supersonic airplanes for the FAP [Peruvian Air Force] from the French firm Marcel Dessault, announced by

President Garcia on 28 July, makes sense, if it is accompanied by similar waivers on the part of Ecuadoreans and Chileans, releasing funds for development which are not committed to the nation's defense.

Therefore, a choice must be made: either we give priority to the trilateral disarmament offensive, or we subordinate it to the desire for radicalizing our foreign policy, creating new flanks in Asia and the Caribbean.

The coming weeks or days will disclose to us whether the first Aprista government in our history has a clearcut view of the national interest and the priorities of an international policy which will protect it, or whether it prefers to subject itself to futile schemes that will close more doors for us than it opens.

2909

CSO: 3348/197

PERU

PRINCIPLES OF APRA LONG-RANGE PLANS ANNOUNCED BY CONAPLAN

Lima CARETAS in Spanish 4 Nov 85 pp 23-26

[Interview with National Planning Commission head Javier Tantalean Arbulu, by Alberto Bonilla; date and location unspecified]

[Text] [Question] The government's opponents claim that it has no program, and that it operates based on reactions to problems. Is there an Aprista government plan?

[Answer] Of course; it is the Plan of Peru, devised by the government's National Planning Commission [CONAPLAN], which consists of six volumes. The first one relates to APRA's [American Popular Revolutionary Alliance] ideological and doctrinal bases. Next, there is an analysis of the type of country that it is incumbent on us to govern, the restrictions that we would encounter and, among them, those which would constitute the main challenges for the government during the period 1985-90. Another important section relates to the national plan, which is a document worked on by a team. Another pertains to the medium term plan, and still another, to the emergency plan.

[Question] What are the features of the national plan?

[Answer] The work was done considering a target period up to the year 2000. In the case of the medium term, it was from 1985 to 1990; and, in the case of emergency, the immediate measures in the event that the party should come to power. I don't think that any party worked with so much stringency; and I say this with knowledge of the situation. This set of documents, after several discussions which took place in the commission, constituted what was to become the Plan of Peru. We devised quantified scenarios up until the year 2000, of what might be the opportunities for growth in the economy, with such and such investment rates, and what the most dynamic sectors should be from the standpoint of growth. In short, we dealt with various possibilities, until we arrived at what we term a certain target image for the year 2000.

[Question] In fact, it is known that CONAPLAN worked for 3 years and produced the six volumes of "Let's Learn to Live With What Is Ours," but they were not published. They were kept, and there was a rumor that there had been corrections in style, which were being made, but which were never finished.

[Answer] A government plan for a campaign must be preeminently political. The fine breakdown is made once one has all the instruments of government. For example, when we arrived in the government, our priority from a sectorial standpoint was agriculture and food production. We found that the budget of the central government, the public institutions and the corporations was giving the agrarian sector 15 percent. So we made a reprogramming for 1986, and the figure rose to 35 percent. In other words, we started out by defining certain major problems of Peruvian society, the problem of social injustice, depicted by the president on the pyramid, and the problems of centralism, and the dichotomies or contradictions between Lima and the rest of the country. Understandably, the national objectives that we proposed for the long term had to be responses to these main problems.

[Question] What are those main problems?

[Answer] Essentially, we had proposed five major development objectives: first, decentralization, microregionalization and the development of the national identity; second, achieving development, but with economic, social and political democracy, with freedom and respect for DDHH [human rights]; third, that this economic growth be combined with social justice; fourth, a constant search for national autonomy in decision-making; and fifth, the ecodevelopment of the vital systems, whether they be the jungle ecosystem, the high Andean, the coastal, etc. It is on the basis of these objectives that we have revised the medium term objectives. This is the method that has been pursued. In addition to the projections that we made of the Peruvian economy, we found that the present type of growth had reached a really dangerous limit. The great periods of expansion in the Peruvian economy have always coincided with a certain amount of improvement in international prices, or with some product going into action on the foreign market. Now, we are finding a view of the future in which, because of the type of our raw materials, a substantive improvement in prices is made difficult. The ingredient of economic growth from abroad is very relative.

[Question] So, what can be done?

[Answer] That has led us to a conclusion which may be summarized in the phrase, "learning to live and consume based on what is our own." The reality is showing this to us: Now that we have just been declared a depreciated value, we must start to rethink growth in terms of internal development, and of productive self-sufficiency. There is one chronic feature in all the expansion cycles that the economy has undergone: If the GDP increased 5 percent, it brought an import rate of 17 or 18 percent; which caused a deficit, and led us to an inflationary process and to devaluation, in order to fill the gap. In this respect, we must make an effort which we term one of productive restructuring. How can the opportunities for industrial development be linked with a development of other sectors, in a more integrated fashion? And this brings up another fundamental feature of this strategy, namely, achieving a more balanced development between the urban and rural areas. The entire model of industrialization that we have followed since the 1950's has definitely been essentially concentrated not only in Lima, but also in the accumulation

in a modern sector at the cost of the rest of the other sectors' economic space. The state must ultimately be the entity regulating this entire redistribution process. The Microregional Development Fund, the Fund to Support the Peasant Communities announced by the president and the Mass Employment Fund are instruments which, in the long run, constitute means for redistribution on behalf of those situated in the more underprivileged sectors.

[Question] What is the projection for Peruvian society and economy that has been made for the end of the medium-term plan, in 1990?

[Answer] We have made several projections. But first, I would like to explain one thing: In economics, projections made using certain models are useful for helping to make decisions. The best projection groups (the World Bank, and IMF) no longer make projections extending over a year or two. Given the dynamics of the international economy, calling for projections would be completely unscientific. What we have done was to devise a few scenarios of possibilities for growth in the economy up to the year 2000. Any growth process in the domestic economy generated such a demand for dollars associated with goods from abroad that it created the notorious blocking that occurred in 1974. Putting investments in the most impoverished social groups, for example, particularly through small and medium-sized projects, does not divert large amounts of foreign exchange. The first thing was a very intense battle against inflation, which we are defeating. But the freeze has its risks. If a price control policy is not accompanied by an injection of investment opportunities, it could lead to a process of greater recession. The second package issued by the president is along this line, but I think that an even greater effort will have to be made. This is one of the things that the economic team has been studying, to intensify the reactivation process, so as to embark upon a phase of growth that will mean, simultaneously, a restructuring of what has been the traditional route for growth in the country.

[Question] Will the freeze last until 1990, or will it head toward a gradual thaw?

[Answer] We trust that, during a second phase, there will be progress toward a process of agreement in terms of policy on prices, investment, etc. This phase could be very near, if we note that inflation is continuing to decline. Heading toward an agreed on planning process is a constitutional mandate. The planning is compulsory for the state, but in the case of the non-public sector, we must select certain goods, such as food products, pharmaceutical products, ship-building industry, iron and steel industry, petrochemical industry, mass consumer goods on the low-income level, etc.

[Question] An agreement with the state's participation. Would it be a kind of economic congress?

[Answer] That's right. It is the pioneer step, toward what could prove to be a new agreed upon institutionality. The case involving the chickens was

that sort of thing. The president called upon the agricultural business owners themselves, the large, medium and small-sized ones; and a price reduction was reached through a process of dialogue in which an analysis was made of profit rates, interest rates, etc. It was learned which taxes could be cut. This was a good example of what we wanted the constant practice of a state reaching agreement with the productive forces to be, for the terms of what would be a planning with a more extensive spirit.

[Question] Might that institutionalization of the agreement entail the submission of a plan aimed at creating the economic congress?

[Answer] I believe that this idea of Haya de la Torre, which has been shared by other individuals and other thinkers, will prove to be a reality. This entire group of dimensions comprising the financial, economic, productive and fiscal agreement will make up what would be a new institutionality within the state, making what Haya de la Torre proposed a reality. I believe that the necessary progressive steps are being taken.

[Question] What is the National Planning Institute's role in this proposal?

[Answer] This government definitely does not want to interpret planning as some suspect it to be: the production of documents which fill libraries. What we want is a planning system that is in contact with the real world, resolving current issues for the future, with a certain defined direction. What we want, and this is a political desire of the government, is to carry ahead the mass employment program, the food security program, the plan for the Andean Trapezoid and the program for the Emergency Zone.

[Question] One of the features to which attention is drawn in the government plan is the fact that it has been prepared for 20 years, whereas the government will last only 5 years....

[Answer] It would be rather unscientific for a party not to set forth an image of what it wants for the country over the long term, and what it can accomplish during its constitutional term to come closer to that desirable image. We have prepared ourselves to govern 5 years, but with a guide to discern that what we are doing over the medium term will help the construction of a society anticipated for the future. That is the scientific, serious, responsible and consistent thing to do, from the standpoint of what development planning means. The fact that the party has a long-term plan does not reflect a desire to remain in power without a limit. In that respect, we shall always submit to what democracy and its renovations stipulate.

[Question] What is the ultimate reason for not having published this plan?

[Answer] I believe that the plan has been published in various ways. In the first place, remember that there was a survey, a book from the Ebert Foundation, in which a group of questions very well prepared by a team of specialists were answered. Secondly, a summary was prepared, which was disseminated throughout the entire country. Thirdly, the president of the republic made

several presentations on TV and at various functions, the CADE [Annual Conference of Business Executives], for example, at which he cited the major national goals and what the government proposed to do.

[Question] At a meeting on the subject of oil, the president admitted the need for foreign investment in exploration and operation. Nevertheless, it would appear that we are currently heading toward a breaking point with the three companies that are operating in the country.

[Answer] But at that forum on oil, the president also said that foreign investment and technology were necessary for the development process; however, they would have to be geared to the country's own requirements. What is being negotiated is a set of conditions to make this investment in oil the most beneficial for the country. What we don't want is for foreign capital to impose certain rules upon us. We have given clearcut signs that we want to control the economic policy. Hence, the first thing that was done, during the 3 days, was to devise a set of economic measures for which we did not consult with the IMF or with any institution. We Peruvians are autonomous in making the decisions that we deem most feasible. Inflation is being beaten with an economic policy prepared on the basis of what we consider most suitable. I believe that the development program and the short-term policy are a problem for Peruvians. I think that when AGP was a candidate, he was very clear about this point. We need foreign investment, but contingent on what the country's own requirements are.

[Question] You spent several days in the emergency zone. What is the INP [National Institute of Planning] doing in Ayacucho?

[Answer] It should be remembered that, in mid-May, the president summoned a commission chaired by engineer Wilfredo Huayta, to prepare a 1985-86 short-term plan of immediate state action in the emergency zone. This commission has submitted a report to the president on what should be a basic system for the development of that zone. When we took over the government, at the first meeting of the National Defense Council, it was agreed that the National Institute of Planning should resume this work. Thus, the institute has sent to the Council of Ministers an investment program for November and December 1985, and for the year 1986, which basically constitutes an expansion of what the corporations in these departments had. The fundamental purpose of the trip was to summon all the state sectors in each of these departments to observe the execution of these investments over the next 8 months, in coordination with the state.

[Question] You have reached the time when turnovers, surrenders are taking place among people who have been under Sendero's control. Have you had any contact with these communities?

[Answer] Our contacts have been with communities which were very recently subjected to a process of violence, marked by armed clashes with Sendero itself,

as in the case of the community of Tincopampa. They are communities in which small army details are now present, in which Sendero has not been able to remain.



El trapecio que será privilegiado.

The trapezoid which will be given priority

2909

CSO: 3348/197

PERU

IU MEMBERS OF LABOR COMMISSION ISSUE DISSENTING STATEMENT

Lima EL NACIONAL in Spanish 27 Sep 85 p 16

[Text] The United Left denounced that the majority report of the Labor and Social Welfare Committee on the job security proposals presented by the Executive Power and by APRA [American Popular Revolutionary Alliance] deputies contains serious deficiencies and omissions that place at risk the effective exercise of constitutional law on job security that it is intended to protect.

The denunciation or alert is contained in the minority report signed by deputies Manuel Cortez Fernandez, Jose Luis Alvarado Bravo, Alejandro Olivera Vila, and Jesus Palacios Cordova, members of the Committee on Labor and Social Welfare of the Chamber of Deputies.

The document, which is recorded in the day's transactions, states that the majority report "does not take into consideration the necessity of proving and verifying the commission of the breach before making the dismissal;" nor the State's obligation to grant the worker the exercise of his right to defend himself; concepts that are enshrined in the Constitution and in recommendation 116 of the International Labor Organization, that establish the necessity of providing due proof of a serious breach before proceeding to the worker's dismissal.

The leftist group's text demands that the government majority specify that exceptional circumstances, due to economic or technical causes, should not be attributable to the employer, stating that in this way those cases in which the closing of the business is requested due to economic failure deriving from an erroneous or badly planned and executed business strategy are eliminated.

"To facilitate closure or the reduction of work shifts and/or personnel in these hypotheses is almost tantamount to rewarding business inefficiency," the document said.

It refers also to formal questions in articles 4, 5, and 6. In this last one the United Left legislators say that "it should be specified that suspension should be of the license required by the worker for the exercise of his activity in the work place, and should be of a final nature. A

temporary suspension (such as the suspension of a driver's license) should not serve as the pretext for dismissing a worker."

In the same way, they point out the lack of specifications with regard to acts for which a worker may not be dismissed, remarking that the standards of labor law, within comparative law, not only protect the labor union leader but also extend their effects to anyone who acts or has acted in representation of the workers. They also say that procedure for making the dismissal and the formal notification thereof should be given special treatment. They also denounce that "reinstatement" or "indemnizatory" action contained in articles 12 and 13 of the APRA report has no reference or precedent in the framework of our legal system or in comparative law; they say that both words are foreign to juridical tradition and that it would be better to ask the competent entity to qualify the dismissal, so as to come back later to reinstatement or indemnization.

They also demand that the government majority report include an article forbidding the existence or creation of business agencies or enterprises for placing workers in jobs, whatever the nature of the business organization adopted. To this end, they propose a series of substitute articles, among them one mentioning that a worker may only be dismissed for just, previous, and proven cause. Enumerated are the causes that in the opinion of the signers constitute just case for dismissal.

In article 8, presented as a substitute article, the United Left members of the Committee specify that "the employer may not dismiss a worker until the labor authority has handed down the authoritative resolution, agreed to and executed, that, the breach being prequalified, authorizes the employer, after investigation and verification of the alleged acts."

Furthermore, the document maintains that workers affected by the original administrative resolution may appeal within a period of three days and that no act of refutation will be allowed against the resolution handed down on the second or final appeal.

The substitute bill proposed by the United Left comprises 32 articles, two temporary dispositions, and four final dispositions in which is summarized the thought of the Marxist group on the subject of job security, a large part of which has been taken from the positions of the labor union world grouped under the CGTP and independent labor organizations that are in affinity with the theory of the class labor movement.

12856/13046
CSO: 3348/40

PERU

BRIEFS

ECONOMIST WEBB PUBLISHES BOOK--On Wednesday October 2 the recent book by economist Richard Webb, who has a doctorate from Harvard University, will be presented at a ceremony at the Riva Agüero Institute at Catholic University of Peru. The ceremony will be presided by Dr Luis Alberto Sanchez, senator and president of the upper chamber and first vice president of the republic. The volume by Webb, president of the Central Reserve Bank of Peru from 15 August 1980 for a constitutional period of 5 years, is titled "Why Am I an Optimist?" and contains articles published on the editorial page of EL COMERCIO and in other publications between 1982 and 1984. It includes an introduction written this year and a prologue by Mario Vargas Llosa. Webb, 49, studied economics at St Andrews University in Scotland. On his return to Peru, he was director of economic studies at the Central Reserve Bank during 1965 and 1969 and was later chief of the economics department at Catholic University. During the first phase of the military government, he obtained his doctorate in economics at Harvard with a celebrated thesis that showed the superficiality of the "reforms" applied between 1969 and 1977. After that, he worked at the World Bank and was a professor at Princeton University before returning to this country in 1980 for good at the behest of Manuel Ulloa Elias. The fine edition of the book was brought out by Eduardo Sanseviero of Libreria El Virrey. In the introduction, Webb says his purpose was to publish the collection of texts in one book so as to make known and explain the economic phenomena of recent times. The Riva Agüero Institute is located at Camana 459, Lima. [Text] [Lima EL COMERCIO in Spanish 29 Sep 85 p A-1] 12856/13046

SEPTEMBER INFLATION RATE DOWN--According to the indexes published by the National Institute of Statistics, the inflation rate, which in recent months was almost out of control, came to 3.5 percent in September, which is a great advance in the struggle against the inflationary process, which threatened to reach 300 percent in 1985. In April, May, June, July, and August the figures were 12.2 percent, 10.9, 11.8, 10.3, and 10.8 percent, respectively. After the latest figure became known, Economy Minister Luis Alva Castro asked Peruvians to continue defending the price level by not paying more than established prices. [Text] [Lima EL COMERCIO in Spanish 30 Sep 85 p A-1] 12856/13046

BUSINESSMEN DISCUSS WAGE HIKES--The government is determined to continue the fight against inflation and to succeed in reactivating the economy, with which

we are all in agreement; but some measures to this end have caused problems both for production and for trade. This was stated by the first vice president of the Lima Chamber of Commerce, Alberto Vega Pozo, during the members meeting called by that organization. In a press communique, the Chamber says the purpose of the meeting was to inform member companies about the organization's activities with reference to reactivation measures and negotiations of labor contracts. On the labor field there was a consensus about the repercussions that a policy of wage increases has on success in controlling inflation in the next 18 months. An objective and realistic solution was proposed that protects the interests of the workers and the stability of the companies. The communique says that examples were given of the problems caused in practice by the freezing of prices, the ban on imports, the requirement to obtain licences beforehand, etc. It also invites members to present their problems to the Chamber so as to submit them to the authorities in the dialogue that has already been initiated, since the authorities want to perfect the system. The communique says that another subject of debate was the repercussion of labor contract negotiations on operating costs. It says the conclusion was reached that it is prudent and necessary to try to resolve these agreements, keeping in mind the aim of maintaining inflation in 1986 within a range not greater than 40 percent. [Text] [Lima EL COMERCIO in Spanish 29 Sep 85 p F-2] 12856/13046

CSO: 3348/40

VENEZUELA

POLL SURVEYS GOVERNMENT PERFORMANCE IN BANKING CRISIS

Caracas EL DIARIO DE CARACAS in Spanish 21 Oct 85 pp 32-33

[Text] In this second part of the poll taken by Gaither International on the banking crisis, the action taken by the national government regarding the problem, the confidence in the institutions protecting depositors and the control of banks and punishment of those guilty of fraud are analyzed.

5. Opinions of the Government's Action

Although 83 percent have heard about the banking problems, only 51 percent have heard about measures adopted by the government to cope with them. (The proportion is greater among account-holders, but even in this group the percentage amounts to only 67). In any event, nearly all those who have heard about the measures believe that they have been correct (40 percent of the general population and 51 percent of account-holders). Only 6 percent, in the first instance, and 10 percent in the second, claim that they have been erroneous.

There is less unanimity of opinion when the reasons for the government's action in this context are discussed. Although over six out of every 10 persons who have heard about measures adopted by the government think that they were adopted to protect depositors, a sizable minority (three out of every 10) think that they were adopted to protect "its political colleagues." (The rest have no opinion.) The attribution of political motives to the government's action does not extend to all segments of the electorate. It is slightly more common among the political opposition, but not much; it is a minority trend of opinion which crosses all sectors.

More important, perhaps, is that only a minority of the general population thinks that those guilty of fraud will be punished. Of those who claim that fraud has been the cause of the problem (39 percent), only 17 percent think that they will receive "the punishment that they deserve," while 19 percent think not. Account-holders are even less confident about the punishment: 19 percent believe that they will be punished, and 28 percent that they will not.

The negative (or cynical) opinions in this respect represent the majority of the opinion formed in all sectors of the electorate except those with minimal sophistication. In level "E," among those aged 45 or older, in the rural areas

and among those with elementary education or less, there are more who think that they will be punished than think that they will not. But, among the others, the majority opinion is that they will not receive punishment. Those from the political opposition who voted for the minority parties are especially inclined to believe that they will emerge from their fraud unscathed.

The two following tables offer a summary of these opinions. Table VII gives a summary of the opinions of the general population and of account-holders in particular; and Table VIII gives a breakdown of those who think that the guilty ones will receive the deserved punishment or will not.

6. Confidence in the Institutions Protecting the Depositor

There is little knowledge of an insurance system to protect account-holders, even among the account-holders themselves. Among the general population, 38 percent believe that such a system does exist; among those with accounts in the banks, the proportion rises, but only to 48 percent. However, few know how it operates and even fewer think that it operates efficiently.

Among those who believe that this system exists, half think that it is a system backed by the government; and half think that it is backed by the banks themselves. One out of every three does not believe that the system provides an effective guarantee, in the sense that the deposited money will really be returned in the event of a problem. And almost no one believes that such a return would be made promptly, if it were necessary. Among the entire population, only 3 percent think that the system will provide strong, timely protection to the account-holder. Even among those who have such accounts, the proportion is only 4 percent.

Table IX offers a summary of these opinions.

7. Preference for Control of the Banks: Public or Private Sector

The public in general and especially those with bank accounts prefer control of the banks by the private sector over control by the government, despite the problems that have occurred.

A total of 54 percent of the population prefers that the banks be under the control of private sector bankers. Only 28 percent prefer them under the control of public officials. (The rest have no opinion.) Among those who currently have bank accounts, the opinions are even more clearcut: in this group directly affected, the proportions in favor of the private sector are 64 to 23 percent.

The public does not deny a role for the government in the banks, but it obviously wants a limited role. A plurality of the general population wants banks of both types, both government-run and those run by the private sector (41 percent). But among those wishing all of them to be of one type or the other, a majority prefer the private sector, by a margin of 28 to 18 percent. And even among those who want banks of both types to exist, the public claims that it would

deposit its own money in the private sector banks, by a margin of 26 to 13 percent. Those with accounts in banks want the same thing, and to an even greater extent.

The most sophisticated are those who most want a role for the private banks. For example, among the extremists (those who prefer the banks entirely in one sector or the other), those with a university education prefer the private banks by a margin of 25 to 7 percent. Only among the less educated is there a really strong preference for banks run entirely by the government. Among those with no formal education, the preference for government-run banks exclusively is expressed by a margin of 25 to 16 percent.

Table X offers a summary of these opinions among the general population and among those who currently hold bank accounts.

Table VII

Opinions of the Government's Action

	General Population	Account Holders
	%	%
Knowledge of the measures		
The government has adopted measures	51	67
They are correct	40	51
They are not	6	10
Don't know	5	6
It has not adopted measures	21	18
Don't know/haven't heard about the problem	28	15
The reason for the measures		
To protect the depositors	32	42
To protect the political colleagues	15	19
Don't know	4	6
The justice of the final results		
Those guilty of fraud will be punished	17	19
They will not be punished	19	28
Don't know	3	5
Don't believe that there was fraud	44	42
Haven't heard about the problem	17	6

Table VIII

Opinions of the Punishment That Will Be Given To Those Who Committed Fraud

	Will be punished %	Will not be punished %
Total population	17	19
Account holders		
Have a bank account	19	28
Do not	15	14
Age		
18-20	21	25
21-24	13	23
25-29	19	20
30-44	16	20
45 or older	16	13
Socioeconomic level		
A/B (upper)	22	39
C (upper middle)	20	28
D (lower middle)	16	19
E (lower)	15	10
Sex		
Male	17	21
Female	16	17
Educational level		
University	15	41
Secondary	20	24
Complete elementary	20	13
Incomplete elementary	15	7
None	6	5
Urbanization		
Urban	18	22
Rural	14	8
Vote in 1983		
Lusinchi	18	18
Caldera	16	18
Others	14	32

The Penetration of the Problem (%)

They have an account:	35
(Savings)	(33)
(Checking)	(7)
They have it in a bank	
with problems	10 (+6)
They are directly affected	7 (+4)
The problem has not been	
solved	5 (+3)

Table IX

Knowledge Of and Confidence In Insurance For Deposits

	Among the general population %	Among account holders %
The existence of the system		
Yes, there is an insurance mechanism	38	48
No, there is none	28	27
Don't know	33	26
Backing for the system		
The government	17	21
The banks	17	20
Don't know	4	6
Don't know whether there is such a system	62	53
The efficacy of the system		
The deposits will be returned	26	35
Promptly	3	4
Will be delayed longer than they should	22	30
Don't know	1	1
They will not be returned	9	9
Don't know	3	3
Don't know that there is such a system	62	53

Table X

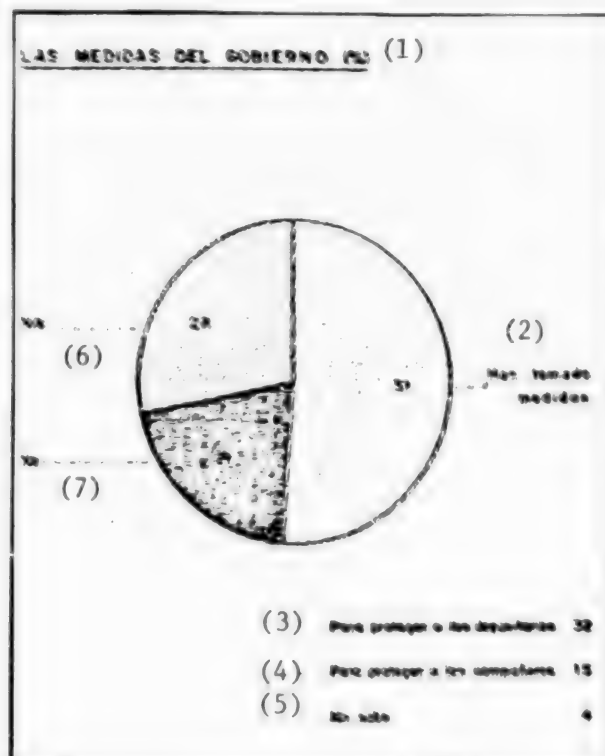
The Preferences For Private and Government-Run Banks

	Among the general population	Among account holders %
Preference for control of the banks		
Private sector	54	64
Public officials	28	23
No opinion	18	13
Preference for the type of banks, that they be:		
All in the private sector	28	29
All government-run	18	12
Of both types	41	52
No opinion	13	7

Personal preferences, if there are both types:

Would keep their own money in:

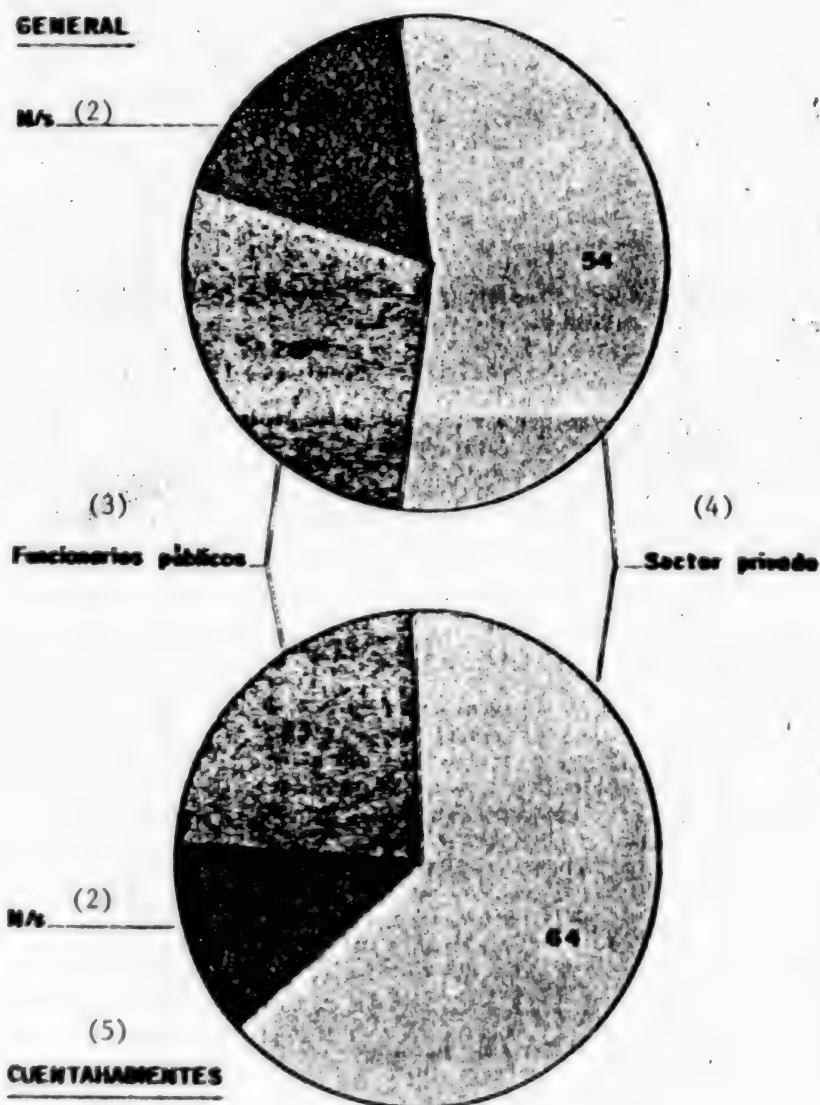
Private bank	26	35
Government-run bank	13	12
Don't know	2	5
Don't want both types to exist	59	48



Key to Chart 1:

1. The Government's Measures (%)
2. Measures have been adopted
3. To protect the depositors
4. To protect the colleagues
5. Don't know
6. Don't know
7. No opinion

(1)
PREFERENCIAS POR EL CONTROL DE LA BANCA (%)

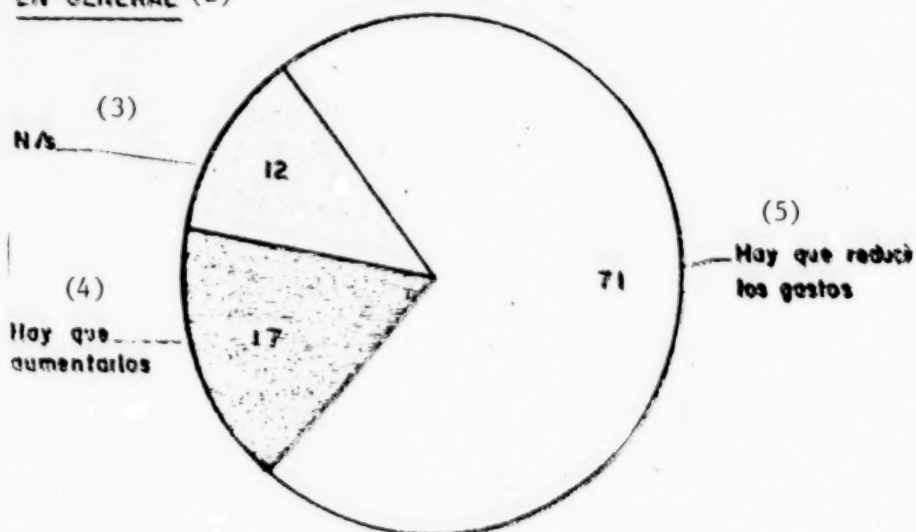


Key to Chart 2:

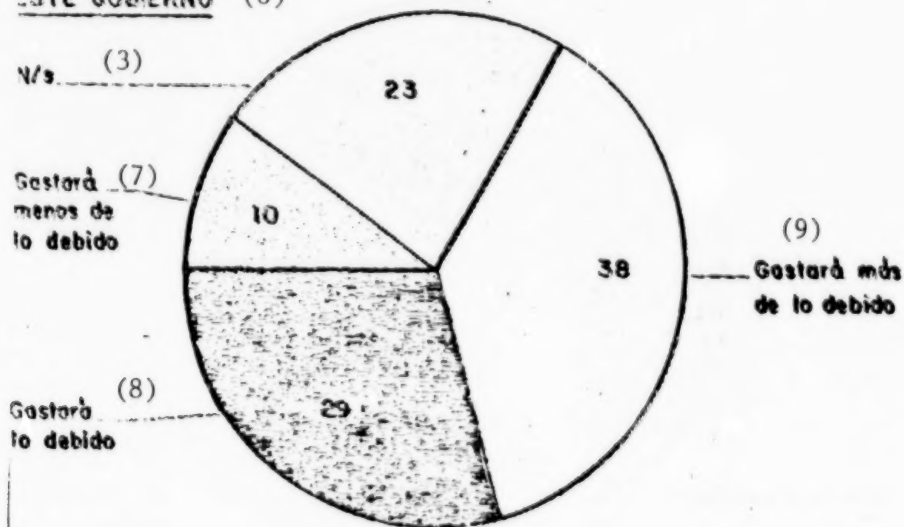
1. Preferences For Control of the Banks (%)
2. Don't know
3. Public officials
4. Private sector
5. Account-holders

LAS OPINIONES DEL GASTO PUBLICO (%) (1)

EN GENERAL (2)



ESTE GOBIERNO (6)



Key to Chart 3:

1. The Opinions On Public Spending (%)
2. In general
3. Don't know
4. Should be increased
5. Expenses should be cut
6. This government
7. Will spend less than it should
8. Will spend what it should
9. Will spend more than it should

2909

CSO: 3348/119

VENEZUELA

GAS PIPELINE NETWORK TO BE COMPLETED IN 1993

Caracas EL DIARIO DE CARACAS in Spanish 21 Oct 85 pp 32-33

[Text] The information provided by CORPOVEN [a subsidiary of Venezuelan Petroleum, Inc (PETROVEN)] indicates that the potential reserves estimated at 5.1 billion cubic meters show that this resource will be able to meet our needs for many years.

Caracas--The new gas network that will afford full participation by that hydrocarbon in Venezuela's energy system will be totally completed in 1993, with a national network of gas pipelines 5,000 kilometers long, and an installed transmission capacity of 130 million cubic meters per day.

This statement was made in the brochure entitled "The Gas Industry in Venezuela," published by CORPOVEN, a branch of Venezuelan Petroleum (PDVSA), which stresses that the demand for energy in the country is estimated as increasing from 800,000 barrels per day of equivalent barrels of oil (BEP) at present to 1.5 million units per day by the end of this century.

Of this consumption, it is anticipated that natural gas will contribute 40 percent for the energy demand.

The publication notes: "To successfully cope with the challenge of ensuring the supply of the increasing volumes of gas to be used by the nation in the future, it will be necessary to invest major efforts and resources to develop and consolidate the projects associated with the production, processing and distribution of natural gas."

It adds that the potential natural gas reserves in the country, estimated at 5.1 billion (million million) cubic meters, indicate that this energy resource will be able to meet the requirements for many years. Nevertheless, in order to attain this goal, the development of this potential must be carried out over the short and medium term, thereby ensuring the supply of gas required.

If one assumes an interannual growth in the gross domestic product (GDP) of 4.5 percent, it may be estimated that the demand for natural gas will increase from 87 million cubic meters per day in 1984 to 130 million units daily in the year 2000, in which the requirements for injecting in the oil wells would be included.

So, the demand associated with energy uses and basic supplies would, by that time, be 70 million cubic meters per day.

As for the processing of natural gas, MENEVEN, a branch of PDVSA, is executing the project to construct the Eastern Cryogenic Complex to process 23 million cubic meters of gas per day; as a result of which the total processing capacity in the country will be raised to 75 million units per day.

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DATE FILMED

29 January 1986

